

**In the name of Allah
the most
Compassionate and Merciful**

ISRAEL HAD, THERE FOR, ENTERED INTO NEGOTIATION WITH IRANIAN AUTHORITIES TO OBTAIN HER NEEDED OIL, AND LATER BOUGHT IT DIRECTLY AND SECRETLY FROM NATIONAL IRANIAN OIL COMPANY. DOCUMENTS (25-29) EXPRESS THIS FACT.

THE INTERESTING POINT IS THAT SHAH PROCLAIMED THAT ONCE ISRAEL RETREATS FROM THE OIL PRODUCING REGIONS OF SINAI (ABU QURAI'S OIL WELLS), IRAN WOULD PROVIDE HER WITH NECESSARY AMOUNTS OF OIL. THIS WAS A MEANS ENCOURAGING ISRAEL TO ACCEPT KISSINGER'S POLICIES, AND ALSO WORKED AS AN INTRODUCTION TO CAMP DAVID. SHAH HAS SAID THAT HE WANTS TO COORDINATE TWO POLICIES, NAMELY, THE POLICY OF OIL-SALE TO ISRAEL, AND THE POLICY OF AMERICAN ARMS-SALE TO ISRAEL.

ANOTHER OIL RELATED ISSUE WHICH IS OF ESPECIAL IMPORTANCE IS THE PORT ILIAT ESHQUELON PIPELINE.

SUEZ CANAL, THROUGH WHICH THE MAJORITY OF CARGO SHIPS AND OIL TANKERS TRANSPORTED NECESSARY AMOUNTS OF GOODS AND ENERGY BETWEEN EUROPE AND ASIA, WAS CLOSED COMPLETELY DUE TO ARAB-ISRAELI CONFLICT, AND THEY HAD TO REVERT THEIR TRAFFIC TO THE CAPE OF GOOD HOPE IN SOUTH AFRICA WHICH MADE THEIR DESTINATIONS MANY THOUSAND KILOMETERS FARTHER. ZIONISTS PROVIDED A PLAN BY WHICH SHIPS COULD ENTER ILIAT PORT ON GULF OF AKABA AND TRANSPORT THEIR OIL THROUGH ESHQUELON PIPELINE TO MEDITERRANIA, AND FROM THERE TO EUROPE, BY RELOADING TANKERS. BUT TO IMPLEMENT THIS PROJECT THE ONE SOURCE OF OIL THAT COULD GUARANTEE THE USE OF THIS PIPELINE HAD TO BE FOUND, AND NATURALLY THEY SOUGHT SHAH'S COMPROMISE, AND HE WAS VERY FOND OF THIS PROJECT. THIS PROJECT WAS SO IMPORTANT, THAT THE U.S. BEING FEARFUL OF ARAB REACTION, DID NOT DARE INTERVENE IN IT, BUT SHAH DEMONSTRATED HIS INCREASING DEPENDENCE ON THE ZIONIST REGIME, AND IN IMPLEMENTING AND EXPLOITING THE PROJECT ACTED PARALLEL WITH ZIONISTS. MANY DOCUMENTS OF THIS BOOK (21) ARE REMINISCENT OF THIS FACT. DOCUMENTS NUMBERED 2,3,5, AND 21 ARE RELATED TO IRAN ISRAELI RELATIONSHIPS AND TO THE ISRAELI ACTIVITIES IN IRAN, AND TO PROVE THE SIGNIFICANCE OF THIS RELATIONSHIP, IT MUST BE NOTED THAT THE ISRAELI AMBASSADOR TO IRAN WAS AN IMPORTANT MEMBER OF ISRAELI GOVERNMENT WHO WAS ALSO ADVISOR TO THE FORMER PRIME MINISTER OF ZIONISTS (21) AND THAT THE NUMBER OF ISRAELI TECHNICIANS IN IRAN WAS MORE THAN THEIR PRESENCE ANYWHERE ELSE IN THE WORLD (5).

THESE TECHNICIANS WERE, OF COURSE, SERVING ZIONISTS IN COMPANIES RELATED TO PAHLAVIES, AND THUS WERE ENGAGED IN PLUNDERING IRANIAN PEOPLE. AT THE SAME TIME, DOCUMENTS NUMBERED 2, AND 4 DEMONSTRATE THE FEAR THE REGIME HAS OF THE PUBLIC'S DISCOVERY OF THE IRAN-ISRAELI RELATIONSHIP, LEST IT SHOULD PROVOKE THE MASSIVE DISSENTION OF THE IRANIAN PEOPLE AND THAT OF THE IRANIAN COMMITTED CLERGY.

DOCUMENT NUMBER ONE SHOWS THE ACTIVITIES OF THE ISRAELI INTELLIGENCE SERVICE IN HIRING MERCENARY WRITERS TO IMPLEMENT THE TOTALLY ZIONIST POLICIES. IT WAS SUBSTANTIALLY BY RELYING ON THESE SAME KIND OF WRITERS AND CORRESPONDENTS THAT THE ZIONISTS SUCCEEDED IN EXTENDING THE INFLUENCE OF THE ZIONIST NEWS WITHIN THE WESTERN AND AMERICAN NEWS AGENCIES AND TELEVISIONS, AND TAKE THEM INTO THEIR OWN CONTROL.

AMONG THE ISLAMIC COUNTRIES, AFTER IRAN, THE AMERICAN REGIME OF TURKEY WAS ANOTHER STATE WHICH HAD ESTABLISHED MOST IMPORTANT RELATIONS WITH ISRAEL, AND THIS RELATIONSHIP EXISTED IN ALL MATTERS OF CO-ORDINATION AND ESPECIALLY INTELLIGENCE RELATED ISSUES (REFERENCE TO THE PAST DOCUMENTS) AND THE DOCUMENT NUMBER 4 PROVES THE DEPENDENCE OF BOTH REGIMES' DIPLOMATS.

IMAM'S MESSAGE ON THE DAY OF QUDS

IN THE NAME OF ALLAH, THE COMPASSIONATE THE MERCIFUL.

THE DAY OF QUDS IS THE LAST FRIDAY OF THE HOLY MONTH OF RAMADHAN , AND THE NIGHT OF QADR IS MOST PROBABLY, ONE OF THE NIGHTS DURING THE LAST TEN DAYS OF RAMADHAN, A NIGHT WHOSE REVIVAL IS A GODLY TRADITION, AND MORE MERITORIOUS AND EXALTED THAN A THOUSAND MONTHS OF HYPOCRITES, SINCE THE DESTINATION OF THE WHOLE CREATION WAS DESIGNED DURING THAT NIGHT ONLY.

THE DAY OF QUDS WHICH IS EQUAL TO QADR MUST BE REVIVED AMONGST MUSLIMS TO BECOME THE ORIGIN OF AWAKENING AND CONSCIOUSNESS AMONG THEM, AND TO MAKE THEM DISCARD THE HISTORICAL AND THE RECENT CENTURIES OBLIVION AND NEGLECT UNTIL THAT DAY OF AWAKENING AND CONSCIOUSNESS TURNS WORTH MORE THAN A DECCADE OF THE WORLD'S SUPERPOWERS AND HYPOCRITES, SO THAT MUSLIMS OF THE WORLD MAY BE ABLE TO DESIGN AND FOUND THEIR DESTINATION ON THEIR OWN. DURING THE NIGHT OF QADR, BY STAYING UP AND PRAYING, MUSLIMS MUST RELIEVE THEMSELVES OF THE SLAVERY OF OTHER THAN ALLAH, THAT ARE JINN AND MANLY DEVILS, AND ONLY TURN INTO THE SLAVES OF ALLAH , AND ON THE DAY OF QUDS, WHICH IS ONE OF THE LAST DAYS OF THE GRAND MONTH OF ALLAH, IT IS MOST COMPETENT FOR THE MUSLIMS OF THE WORLD TO FREE THEMSELVES FROM THE SLAVERY OF THE BIG SATANS AND THE SUPERPOWERS , AND JOIN THE IMMORTAL POWER OF ALLAH, AND CUT THE HANDS OF THE HISTORICAL CRIMINALS FROM THE COUNTRIES OF THE OPPRESSED AND DESTROY THEIR GREES.

O' MUSLIMS AND THE OPPRESSED OF THE WORLD RISE AND RUN YOUR OWN AFFAIRS HOW LONG ARE YOU GOING TO LET WASHINGTON AND MOSCOW DETERMINE YOUR FATE? FOR HOW LONG MUST YOUR LAND OF QUDS BE TREADED OVER UNDER THE BOOTS OF AN AMERICAN SCUM , THE USURPER ISRAEL? FOR HOW LONG MUST THE LAND OF PALESTINIAN QUDS , LEBANON AND THE OPPRESSED MUSLIMS OF THAT PART BE UNDER THE DOMINATION OF CRIMINALS AND YOU WATCH, AND SOME OF YOUR TREACHEROUS RULERS HELP THEM? FOR HOW LONG MUST , MORE THAN A BILLION MUSLIMS AND A HUNDRED MILLION ARABS WITH THEIR EXTENSIVE COUNTRIES AND RESOURCES , WITNESS THE PLUNDRINGS OF THE EAST AND THE WEST, AND BEAR THEIR AND THEIR SCUM'S OPPRESSION AND INHUMANE MASSACRES? FOR HOW LONG ARE THEY GOING TO ENDURE THE HORRIBLE CRIMES COMMITTED AGAINST THEIR AFGHAN AND LEBANESE BRETHREN AND STAY QUIET? WHEN ARE THEY GOING TO STOP APPROACHING THE SUPERPOWERS POLITICALLY AND COMPROMISINGLY, AND INSTEAD OF ALLOWING ISRAEL TO COMMIT CRIMES AND MASSACRES, WHEN ARE THEY GOING TO COUNTER THE ENEMIES OF ISLAM, AND SAVE QUDS BY THE MEANS OF ARMS, MILITARY AND GODLY MIGHT? DON'T THE HEADS OF NATIONS KNOW AND HAVE THEY NOT UNDERSTOOD THAT NEGOTIATING POLITICALLY WITH POWERFUL POLITICIANS AND THE CRIMINALS OF HISTORY IS NOT THE MEANS OF FREEING QUDS, PALESTINE AND LEBANON, AND THAT EVERYDAY THE VOLUME OF THEIR CRIMES AND OPPRESSIONS WILL INCREASE?

TO FREE QUDS, ONE MUST RELY ON MACHINGUNS THAT ARE DEPENDENT UPON FAITH AND THE POWER OF ISLAM , AND NOT POLITICAL GAMES THAT ARE REMINISCENT OF COMPROMISE AND THE SATISFACTION OF SUPERPOWERS.

MUSLIM NATIONS, ESPECIALLY PALESTINIAN AND LEBANESE NATIONS MUST PUNISH THOSE WHO WASTE TIME WITH POLITICAL MANEUVERINGS, AND AVOID POLITICAL GAMES THAT HAVE NOTHING FOR THE OPPRESSED PEOPLE BUT HARM. FOR HOW LONG ARE MUSLIMS GOING TO BE INFATUATED BY FALSE HEROS OF THE EAST AND WEST , AND BE HORRIFIED BY THEIR PROPAGANDAS? MUSLIMS WHO WITHOUT MILITARY EQUIPMENTS AND WITH HEARTS FULL OF FAITH AND TONGUES CARRYING THE WORD " ALLAH IS THE CREATOR " MADE THOSE GRAND CONQUERS AND BROUGHT ABOUT THOSE SURPRISING UPLIFTEMENTS ONLY DURING HALF A CENTURY AND FOUNDED ISLAM AND THE WORSHIP OF ONE (TUHID) IN THE POWERFUL WORLD OF THAT DAY.

IF MUSLIMS HAVE FORGOTTEN THOSE TRIUMPHS AND CHANGES THAT ARE REGISTERED IN HISTORY, THEY HAVE EXPERIENCED THE VICTORY OF THE COMBATING IRANIAN NATION WHO FOUGHT LIKE THE SOLDIERS OF THE ONSET OF ISLAM HAVING FAITH AS THEIR ONLY ARMS. THE WORLD AND ITS MUSLIMS WITNESSED HOW THE ZEALOUS IRANIAN NATION FOUGHT SUPERPOWERS AND THEIR INTERNAL AND EXTERNAL DEPENDENTS EMPTY-HANDEDLY, AND DESPITE THE THUNDEROUS PROBLEMS, BROUGHT ABOUT THE GLORIOUS ISLAMIC REVOLUTION, AND THREW THE HISTORICAL CRIMINAL OUT OF THEIR BELOVED COUNTRY, AND WITH A HEART FULL OF FAITH AND BELIEF NEUTRALIZED THE PLOTS OF AMERICAN LEFTISTS, AND THE RIGHTIST GROUPS, AND MEN AND WOMEN, THE ELDERLY AND THE YOUNGESTERS STAYED BRAVELY ON THE SCENE AND DEFINED THEIR OWN DESTINATION, AND TODAY THROUGH THE WILL OF GOD-ALMIGHTY THE FOUNDATION OF ISLAMIC REPUBLIC HAVE FALLEN IN THE HANDS OF THOSE DEVOTED TO THIS SCHOOL OF THOUGHT AND FAITHFUL, TO THE ISLAMIC REPUBLIC, AND HAVE OUSTED THE PLOTTERS AND INTRIGUERS, AND TODAY IRAN, DESPITE FOREIGN, AMERICAN AND ZIONIST MEANS OF PROPAGANDA, IS HEADING FOR FINAL CONSTRUCTIVITY AND THIS IS A LESSON FOR ISLAMIC COUNTRIES AND THE OPPRESSED OF THE WORLD TO DISCOVER THEIR ISLAMIC MIGHT, AND RESIST THE BRAWLS OF EAST AND WEST AND THEIR DEPENDENTS AND SCUMS, AND RISE WITH FAITH IN GOD-ALMIGHTY AND DEPENDENCE ON THE POWER OF ISLAM AND FAITH, AND CUT THE HANDS OF CRIMINALS FROM THEIR COUNTRIES AND CONSIDER THE FREEDOM OF HOLY QUDS AND PALESTINE AS THEIR PRIMARY GOAL, AND DESTROY THE ZIONIST DOMINATION WHICH IS THE SUBSERVIENT OF AMERICA, AND KEEP THE DAY OF QUDS ALIVE, IN THE HOPE THAT BY KEEPING THIS DAY ALIVE, INDIFFERENCES AND NEGLECTS ARE WIPED OUT, AND THROUGH THE RISE OF HONORABLE NATIONS, MAY THOSE TREACHEROUS HEADS WHO IN COOPERATION WITH ISRAEL AND AMERICA, AND DESPITE THE WILL OF ISLAM AND THE MUSLIMS LEAD THEIR DISGRACEFUL POLITICAL AND CRIMINAL LIVES, BE OUSTED FROM THE SCENE, BURIED IN THE GRAVE-YARD OF HISTORY. THE USURPER RULERS (LIKE ISRAEL AND SADDAM) WHO IN THE WAR BETWEEN INFIDELS AND THE MUSLIMS HAVE TAKEN SIDE WITH INFIDELS AND STRIKE BLOWS AT ISLAM AND THE MUSLIMS MUST BE OUSTED FROM THE SCENE OF ISLAM AND THE RULE OF THE MUSLIMS.

THE HONORABLE NATION OF EGYPT, IRAQ AND THE COUNTRIES DOMINATED BY HYPOCRITES MUST RISE AND STOP LISTENING TO THE CORRUPT SPEAKERS WHO TRY TO DEMONSTRATE THESE CRIMINALS AS MUSLIMS, AND RESIST THE NULL AND VOID POWER OF THESE TRAITORS, MUSLIMS AND THE WORLD WITNESSED THAT THE AFLAQUI SADDAM THE SUBSERVIENT OF U.S. ATTACKED IRAN WHICH HAS THOUGHT ABOUT NOTHING BUT ISLAM AND THE MUSLIM AFFAIRS, AND HE WAS SO DEFEATED THAT CURRENTLY HE HAS RESORTED TO THE ARAB RULERS AND ISRAEL IN ORDER TO PREVENT HIS FINAL OVERTHROW, AND THE IRANIAN NATION AND THE BRAVE ARMED FORCES HIT HIM AND HIS CRIMINAL SUPPORTERS SUCH A HARD BLOW THAT HE HAS NO WAY OUT BUT EITHER TO SUBMIT OR TO FALL AND HIS STUPID TRICKS AND THE ZIONIST PROPAGANDAS ARE NOT ABLE TO HELP HIM. IRANIAN NATION, GOVERNMENT, PARLIAMENT, ARMY AND THE REST OF THE ARMED FORCES ARE DETERMINED TO RESIST ANY DEVILISH POWER THAT TRESPASS HUMAN RIGHTS, AND THEY HAVE DECIDED TO DEFEND THE OPPRESSED AND SUPPORT LEBANON AND THE BELOVED QUDS UNTIL QUDS AND PALESTINE ARE RESTORED TO THE MUSLIMS. THE MUSLIMS OF THE WORLD MUST CONSIDER THE DAY OF QUDS AS THE DAY OF NOT ONLY ALL THE MUSLIMS BUT ALSO AS THE DAY OF THE OPPRESSED, AND ON THAT SENSITIVE SPOT THEY MUST RESIST THE OPPRESSORS AND THE WORLD MONGERS, AND FIGHT THEM UNTIL THE OPPRESSED ARE FREED FROM THE TYRANNY OF THE POWER-HOLDERS; AND THE OPPRESSED WHO COMPRISE THE DECISIVE...

MAJORITY IN THE WORLD MUST BE SURE THAT THE REALIZATION OF GOD-ALMIGHTY'S PROMISE IS VERY CLOSE, AND THE UGLY STAR OF OPPRESSORS WILL BE DESTROYED VERY SOON. THE IRANIAN NATION, BROTHERS AND SISTERS ARE A WAR THAT THE UNPARALLELED REVOLUTION OF IRAN HAS GREAT VALUE THE MOST IMPORTANT OF WHICH IS IT'S ISLAMIC VALUE, IN SEARCH OF WHICH THE MOST EXALTED MESSENGERS OF ALLAH ROSE. I HOPE THAT THIS REVOLUTION TURNS INTO A GODLY FULFILLMENT WHICH CREATES A GREAT-EXPLOSION AMONGST THE OPPRESSED MASSES AND PAVES THE WAY FOR THE BLESSED REVOLUTION OF IMAM MAHDI. MAY OUR SOULS BE SACRIFICED AT HIS ENTRY, AND THE HONORABLE NATION THAT HAS BROUGHT SUCH A GREAT REVOLUTION ABOUT, MUST PERPETUATE IT AND ESTABLISH IT'S PRESENCE IN REGISTERING THE JUSTICE OF ALLAH. MY DEAR ONES YOU MUST KNOW THAT THE MORE VALUABLE THE REVOLUTION, THE MORE SACRIFICE MUST BE MADE TO REALIZE IT. A REVOLUTION IN SEARCH OF GODLY GOALS, TO ESTABLISH THE RULE OF ALLAH, IS THE ONE FOR WHICH THE GRAND MESSENGERS MADE A LOT OF SACRIFICE, AND THE GREAT MESSENGER OF ISLAM MADE MANY SACRIFICES IN ORDER TO REALIZE IT, AND THE GREAT IMAMS OF ISLAM SACRIFICED FOR IT WHATEVER THEY HAD, WE TOO WHO CONSIDER OURSELVES THEIR FOLLOWERS AND THE NATION OF MOHAMMAD, MAY ALLAH BLESS HIM AND HIS FAMILY, MUST ENDURE WITH REVOLUTIONARY PERSISTENCE THE DIFFICULTIES FOR THE SAKE OF ALLAH, AND RESIST THE SUBVERSION OF HYPOCRITES WHO ARE DEFEATED AND HELPLESS, AND WE MUST MAKE SACRIFICES IN ORDER TO REALIZE THE RIGHT AND ISLAM LIKE THE GREAT MESSENGERS OF ALLAH. ALLAH THE ALMIGHTY AND THE EXALTED SUPPORTS THE MUJAHEDIN AND HELPS THE OPPRESSED.

PRAISE BE UPON THE BELOVED ISLAM, THE RIGHTEOUS MUJAHEDIN, THE MARTYRS FOR ALLAH THROUGHOUT HISTORY, THE MARTYRS OF IRAN, PALESTINE, LEBANON AND AFGHANISTAN, GREETINGS UPON THE FIGHTERS AT THE WAR FRONTS AGAINST THE UNRIGHTEOUS, GREETINGS UPON THE SALVES OF ALLAH.

" RUHOLLAH-AL-MOOSAVI-AL-KHOMEINI "

"AUGUST/1/1981"

IN THE NAME OF ALLAH, THE COMPASSIONATE, THE MERCIFUL.

" ISRAEL MUST BE DESTROYED."

IMAM KHOMEINI

IF MUSLIM NATIONS DO NOT ACHIEVE ISLAMIC UNDERSTANDING, AND DO NOT ARM THEMSELVES WITH ISLAMIC IDEOLOGY, THE WEST WILL DOMINATE THEM FROM MILITARY, ECONOMIC, CULTURAL AND SOCIAL POINT OF VIEW.

IF THE GOVERNMENTS OF THE MUSLIM COUNTRIES DO NOT CHANGE THEMSELVES OR ARE NOT OVERTHROWN BY THE MUSLIM PEOPLES OF THOSE COUNTRIES, OPPRESSIVE DOMINATION OVER THE MUSLIM NATION WILL BE PERPETUATED THROUGH THESE, DEPENDENT GOVERNMENTS, AND THERE IS NOTHING WORSE THAN HAVING INFIDELS RULE AND DOMINATION OVER MUSLIMS.

THESE PROBLEMS PERMIT:

- REACTIONARY SHEIKHS AND RULERS TO SUPPLY AMERICA AND THE WEST WITH OIL AND ALL OTHER GOD-GIVEN REACHES OF MUSLIMS, FREE OF CHARGE.
- EASTERN AND WESTERN ADVISORS TO BECOME THE REAL ADMINISTRATORS OF ISLAMIC COUNTRIES.
- RUSSIAN COSSAKS TO CRUSH AFGHANISTAN AND HER NATION UNDER THEIR FEET.
- THE DESTRUCTION OF MANPOWER AND ECONOMIC RESOURCES OF ISLAMIC STATES BY LOCAL WARS AND PLOTS BY THE WORLD-MONGERS AND THROUGH CRIMINALS SUCH AS SADDAM.

WORSE THAN ALL UNDER THESE CIRCUMSTANCES, IT IS NOT SURPRISING FOR A NUMBER OF RACIST ZIONISTS TO HOLD MORE THAN ONE HUNDRED MILLION ARAB MUSLIMS CAPTIVE, AND TO MAKE MORE THAN TWO MILLION PALESTINIAN MUSLIMS HOMELESS, AND OCCUPY THE LAND OF BEIT-AL-MOGHADDAS AND MASJID-AL-AQSA, THE FIRST KEBLAH OF MUSLIMS, AND THE BELOVED PALESTINE.

A LOOK AT THE ZIONIST AND PALESTINIAN PROBLEM DURING THE RECENT CENTURY INDICATES THAT WHENEVER MUSLIMS WERE INACTIVE AND THEIR LEADERS DEVOTED THEMSELVES TO THE SLAVERY AND THE WRETCHEDNESS OF THE WEST, THEY HAVE ALWAYS UNDERGONE THE DEFEAT OF THE ENEMIES OF ISLAM AND THE MUSLIMS. BUT WHENEVER THESE SAME NATIONS BEGAN TO RELY ON THEMSELVES, THEY BECAME CAPABLE OF RECOGNIZING THEIR ENEMIES AND NATURALLY CAPABLE OF COUNTERING THEM.

THE EXPULSION OF ZIONIST BY THE OTTOMAN CALIPH FROM HIS COURT AND THE REJECTION OF THEIR GIFTS AND FINANCIAL ASSISTANCE WERE THE RESULT OF THE SAME SELF-RELIANCE AND THE LEAST OF SELF-CONSCIOUSNESS. ALTHOUGH SOME ARAB AND NON-ARAB CHIEFS OF STATES BLAME OTTOMAN CALIPHS FOR THEIR DEEDS (AND MOST OF THEIR ACTIONS MUST BE DENOUNCED), THEY MUST KNOW THAT THEY ARE MORE TO BLAME BECAUSE OTTOMAN CALIPHS DID NOT ACCEPT THE COMPROMISE WITH ZIONISTS, AND THEY HAD THE COURAGE TO EXPEL THEM IN ABJECTNESS.

SHAME AND DISGRACE UPON THE PRESENT ARAB LEADERS THAT HURRIEDLY CALL FOR THE RECOGNITION OF THE ENEMY OF ISLAM AND THE MUSLIMS, AND TRY TO GUARANTEE ZIONIST REGIMES, SECURITY IN ORDER TO PAVE THE WAY FOR NEGOTIATING WITH ZIONISTS AND LEGITIMIZE JEWISH AGGRESSIONS AND CRIMES.

THE PRESENT ARAB RULERS MUST KNOW THAT BEFORE WWI ZIONISTS TRIED TO PENETRATE INTO THE BELOVED PALESTINE FOR THIRTY YEARS, BUT FAILED. BUT WHEN OTTOMAN AUTOCRACY GAVE WAY TO WEST-ORIENTED PERSONS SUCH AS ATATÜRK, WHEN PEOPLE LIKE HUSSEIN SHARIF (JORDANIAN HUSSEIN'S ANCESTOR) REVIVED ARAB NATIONALISM, ARAB COUNTRIES WERE TORN INTO HUNDREDS OF PIECES, AND YOU KNOW WHAT HAPPENED TO THEM THEREAFTER.

AFTER THE WORLD WAR I, IT TOOK ONLY THIRTY YEARS FOR THE ZIONIST STATE TO ANNOUNCE HER EXISTENCE, AND A MILLION PALESTINIANS TO BECOME HOMELESS, THEIR TERRITORIES TO BECOME CONFISCATED.

DURING THIS PERIOD ISLAMIC AND ARABIC COUNTRIES WERE DIVIDED INTO HUNDREDS OF DIFFERENT PARTS, AND THE FOUNDER OF THE GRAND ARABIC REVOLUTION, AMELY HUSSEIN SHARIF DESTROYED OTTOMAN COLONIZATION WITH THE HELP OF ENGLISH COLONIZERS, AND IN DUE TIME HE TOO ESCAPED TO CYPRUS IN AN ENGLISH

SHIP, AND HIS SONS RULED IN IRAQ, JORDAN, AND OTHER ARAB STATES AS THE FULL SUBSERVIENTS OF ENGLAND. IN 1948, THEY SUBMITTED HALF OF BELOVED PALESTINE AND QUDS TO ZIONISTS, AND MET THEIR REPRESENTATIVE, I.E. GOLDA MEIER IN BEIT-AL-MOGHADDAS. BUT NATIONALISM AND DEPENDENCE SCENARIO DID NOT CONCLUDE HERE, AND IN 1967 THEY SURRENDERED THE WHOLE SACRED TERRITORY OF SINAI AND GOLAN TO THE ZIONISTS, AND TURNED MORE PALESTINIANS HOMELESS, AND IN 1970 THEY MASSACRED HOMELESS PALESTINIANS THROUGH AMIR ABDOLLAH'S GRANDSON AND HUSSEIN SHARIF'S GREAT GRANDSON. HOW NAIVE WERE THOSE WHO HAD THOUGHT THAT ZIONISTS ARE ONLY SATISFIED WITH SO MUCH. WE WITNESSED THAT THEY DID NOT LEAVE ALONE EVEN LEBANON AND IN 1982 THEY COMMITTED CRIMES WITH WHAT POWER THEY HAD, AND ONCE AGAIN ARAB RULERS AND THE JORDANIAN KING HUSSEIN ARE TRYING TO LEGITIMIZE ZIONISTS' ACTIVITIES IN ORDER TO SHOW THEIR GOOD SERVICE TO THEIR MASTER I.E. AMERICA, HOW NAIVE ARE THOSE THAT AWAIT PEACE AND EXPECT PEACE FROM ISRAEL.

ZIONISTS HAVE FORMERLY DECLARED THEIR OBJECTIVE AND THAT IS "THE EXTENSION OF ISRAEL FROM NILE TO EUPHRATES", AND THE ONLY MEANS OF COUNTERING THIS POLICY AND OBJECTIVE IS THE WORD OF OUR BELOVED IMAM, "ISRAEL MUST BE DESTROYED", AND THAT ISRAEL IS THE ROOT OF CORRUPTION AND NO MORE.

INTRODUCTION:

IN THE NAME OF THE MOST EXALTED.

THE CURRENT BOOK WHICH CONTAINS DOCUMENTS FOUND AT THE AMERICAN ESPIONAGE DEN, DEMONSTRATES ONLY AN ANGLE OF ZIONIST AND AMERICAN ACTIVITIES IN IRAN. BY READING THIS BOOK ONE CAN FIND OUT THE IMPORTANCE, PRE REVOLUTIONARY IRAN HAD FOR THE ZIONIST REGIME, AND THAT OF U.S. AND WITH REGARD TO ISLAMIC REPUBLIC OF IRAN'S POSITION ONE CAN DISCOVER THE IMPORTANCE OF A CHANGE IN BALANCE OF POWER TO THE BENEFIT OF REVOLUTIONARY FORCES EMANATING FROM THIS REVOLUTION.

IT IS SUFFICIENT TO PRESUME THAT THE SHAH WAS PRESENTLY IN POWER, TO UNDERSTAND THE DEPTH OF CATASTROPHE WHICH WOULD HAVE INFLICTED THE REGION AND IT'S OPPRESSED PEOPLE, IF THE ISLAMIC REVOLUTION HAD NOT TAKEN PLACE. AND ON THE SAME BASIS, ONE CAN DISCOVER CRIMES AND TRECHERIES COMMITTED BY BATHIST SADDAM AND HIS SUPPORTERS SUCH AS THE SAUDI AND KUWAITI RULERS, AGAINST THE CAUSE OF PALESTINE, BY ATTACKING THE ISLAMIC REPUBLIC OF IRAN.

A LOOK AT THE PRESENT DOCUMENTS REVEALS THE IMPORTANCE OF THE SHAH'S REGIME IN STRENGTHENING THE ZIONIST REGIME AND IT'S POLICIES IN RELATION WITH IRAN.

ONE OF THE PROBLEMS ALL COUNTRIES ESPECIALLY THE INDUSTRIALISED ARE FACING IS THE ENERGY PROBLEM AND THE MEANS OF ACCESS TO IT. THERE ARE MANY COUNTRIES WHO BECAUSE OF INSUFFICIENT ENERGY RESOURCES, EITHER DO NOT HAVE A FLOURISHING ECONOMY OR HAVE A VULNERABLE ONE. THUS IN RECENT YEARS OIL HAS BECOME ONE OF THE MOST IMPORTANT ECONOMIC AND POLITICAL PROBLEMS, BECAUSE IT IS CURRENTLY THE MOST IMPORTANT SOURCE OF ENERGY IN THE WORLD, SINCE MOST OF THE EXPORTABLE OIL OF THE WORLD IS PRODUCED IN THE MIDDLE EAST, ESPECIALLY ARAB COUNTRIES AND IRAN, AND SINCE ARAB COUNTRIES HAVE BOYCOTTED ISRAEL ON THE SALE OF OIL, IT HAS GAINED A SPECIFIC IMPORTANCE FOR ISRAEL. ISRAEL NOT ONLY LACKS OIL RESOURCES, BUT ALSO DUE TO HER INEXTENSIVITY, LACKS ENERGY PRODUCING RESOURCES SUCH AS RIVER-DAMS AND COAL.

THE BASIC ISSUE WHICH HAD ENGAGED THE ZIONIST REGIME AND THE U.S. IN RECENT YEARS, WAS THE PEACE BETWEEN ISRAEL AND EGYPT WHICH WAS ALSO CALLED CAMPE DAVID AGREEMENT. WITH REGARD TO THIS, AMERICA RELATES A PART OF HER PREVENTIVE ACTIONS AGAINST THE SO-CALLED TERRORIST ACTIVITIES THAT ENDANGER HER INTERESTS, TO HER OWN EMBASSIES, EVALUATING THE BOYCOTT OF EGYPT, AND THE NECESSITY OF HELPING THIS REGIME. IT IS CLEAR THAT U.S. AIDS TO BOTH THE EGYPTIAN AND THE ISRAELI REGIMES COMPRISES THE MAIN FOUNDATIONS OF CAMP DAVID TREATY IN ESTABLISHING THIS TREACHEROUS PEACE. ACCORDING TO THE 1983 FIGURES U.S. AIDS TO BOTH REGIMES EQUALLED 50 PERCENT OF HER TOTAL FOREIGN AIDS. ALTHOUGH THIS TRILATERAL AGREEMENT WAS CONCLUDED, THE U.S. WAS SECRETLY UNCOMFORTABLE WITH THE PURCHASE OF ARAB LANDS ON THE WEST BANK AND THE GAZA STRIP BY ISRAEL SINCE IT THREATENED THE IMPLEMENTATION OF CAMP DAVID TREATY. BUT, MORE THAN WHAT AMERICANS IMAGINE, SADAT HAD INVOLVED HIMSELF WITH THE SLIME OF THIS PEACE, AND IN SPITE OF THE AGGRESSIVE ACTS OF ISRAEL COULD NOT STOP INITIATING THIS, SO CALLED PEACE:

ALTHOUGH AMERICAN AUTHORITIES ARE NOT WILLING TO ADMIT ZIONIST CRIMES PUBLICLY, BUT WITHIN THE CONTEXT OF DOCUMENT NUMBER 35 THEY HAVE CLEARLY EXPRESSED THAT ISRAEL HAS IGNORED THE CEASEFIRE IN SOUTHERN LEBANON UNILATERALLY AND BY COMMITTING AIR-STRIKES AGAINST THE CAMP OF AL-BAR ON NORTHERN TRIPOLI, HAS TURNED A BRIDAL OCCASION INTO A MOURNING CEREMONY BY MURDERING 6 PEOPLE THERE. DOCUMENTS NUMBERED 46 AND 48 REVEAL THE CRIMES COMMITTED BY A ZIONIST OFFICER IN SOUTHERN LEBANON, AND SHOW HOW FOUR PALESTINIAN-LEBANESE PEASANTS WERE INNOCENTLY MURDERED WITHOUT BEING A THREAT TO THE ISRAELI OFFICER, AND HOW THE 12 YEAR COURT SENTENCE WAS DECREASED TO THREE YEARS, AND MEANWHILE AMERICAN AUTHORITIES TRIED TO NECESSITATE IT CUNINGLY IN THEIR OWN WAYS. IN DOCUMENT 49 THESE CRIMES ARE REVEALED IN SUCH A WAY THAT THE ZIONIST REGIME'S MINISTRY OF JUSTICE ADMITS THAT THE PRISONERS HAD BEEN TORTURED, AND OF COURSE IT HAS PROCLAIMED THAT IS HAS INFORMED AHIN BETH THAT IT WILL NOT TOLERATE SUCH MEANS AND WAY OF INTERROGATION.

DOCUMENTS 34, 39, 41, 42 PROVE THE FACT THAT ISRAEL CAN NOT EXIST WITHOUT AMERICAN AND HER WESTERN ALLIES SUPPORT, AND IT IS FOR THE SAME REASON THAT CONTINUE TO SUPPORT INTERESTS OF THE AMERICAN IMPERIALISM IN THE REGION. THESE SUPPORTS BECOME SO SURPRISING THAT THE ZIONIST NEWSPAPER HA'ARETZ WRITES THAT THE AMERICAN TAXPAYERS WANT TO KNOW HOW FAR THEY ARE TO SUPPORT THE UNNATURAL AND HIGH LEVEL OF LIFE IN ISRAEL.

BY LOOKING AT OTHER DOCUMENTS WE NOTE THE BAD ECONOMIC SITUATION OF THE ZIONIST REGIME. ACCORDING TO OTHER DOCUMENTS AVAILABLE AT THE ESPIONAGE DEN, U.S. AND HER WESTERN ALLIES, DURING 1970-1976 HAVE, ACCORDINGLY, GIVEN ISRAEL 8482'7 MILLION U.S. DOLLARS AND 562'9 MILLION DOLLARS IN ECONOMIC ASSISTANCE. IN 1983 THE RATE OF ASSISTANCE TO ISRAEL ALONE BY U.S. AMOUNTED TO MORE THAN 2485 MILLION DOLLARS.

MAY ALL MUSLIMS UNITE ONE DAY, AND ELIMINATE THIS ROOT OF CORRUPTION AND HER SUPPORTERS OFF THE EARTH.

OF. L. D. WILL
Israel

SECRET
1/24/77

Israel's unofficial representative in Tehran. Has been very active in placing pro-Israel material in the local press. His contacts are through Abas SHAMSHUR, Editor of Kargan, and Engineer Abdullah VALA, Editor-owner of Tehran Masavar. He is rumored to have paid out 100,000 rials to newsmen during the first week of November.

Source: CAS Disseminations
November 19, 1976

FORM FS-438
(REV.) 1-7-52

EOCLark

CONFIDENTIAL

MEMORANDUM

April 28, 1965

To : The Ambassador

Through: DCM

From : Martin Herz

Subject: Contact with the Israeli Representative in Iran

Dr. Zvi Doriel, the Israeli Representative here, leads an ambiguous existence. He circulates widely in the Diplomatic Corps, but he is not of it. An attempt about a year ago to represent himself as "Ambassador" was decisively rebuffed by the Iranian Government. (He was forced to withdraw a circular letter in which he signed himself as Ambassador of Israel.) Yet he has widespread and no doubt productive contacts with Iranian officials.

DORIEL, I.

Doriel has been in Iran for eight years and carries on a number of activities. You are familiar with the Israeli intelligence cooperation with the Iranian Government. There are others. Some reports on his activities are enclosed. The point right now is that Doriel would like to invite you to his National Day party on Sunday, May 2 (invitation enclosed). Because he does not know you, he sent the invitation through me.

Although I believe you should not shun contact with Doriel, I see no need for you to make an early public appearance at his enormous function on Sunday. One difficulty we have in dealing with him is that it is quite clear that among his manifold activities, which include the blowing-up of alarmist reports about Nasser, is his encouragement of the line that "Nasser is being propped up by American aid."

Doriel said to me yesterday that he will make an appointment to call on me on Saturday. I suggest that you profit from that occasion to come into my office (so he will not have called on you) to shake hands with him, that you express the desire to have contact with him from time to time, but that you express regrets that due to a previous commitment

CONFIDENTIAL

CONFIDENTIAL

-2-

you cannot go to his party. There is no harm, on the other hand, as far as I can see, to inviting Dr. and Mrs. Doriel to some larger functions at the Embassy at a later time. You will no doubt see him also at many other parties.

POL:MFHerz/mja

CONFIDENTIAL

CONFIDENTIAL
MEMORANDUM OF CONVERSATION

PARTICIPANTS: David Tourgeman, First Secretary, Israeli Embassy
E. Thomas Greene, Second Secretary of Embassy

PLACE : Farid's Restaurant

DATE : Wednesday, December 22, 1965

In a tour d'horizon the following noteworthy points were made:

1. Saudi-Arabia and Iran

Mr. Tourgeman questioned me in particular on the contents of the joint statement issued at the end of King Saud's visit to Iran. I told him what I'd read in the English-language press. He expressed surprise that even a preliminary agreement had been reached on the median line between the two countries and said he didn't think it would last.

2. Yemen. Hared Conference

Mr. Tourgeman said derisively the conference had debated small points for weeks. He thinks that it will almost certainly break down, particularly with a long Ramadan recess coming up. He sees little likelihood of political settlement and unity in the Arabian Peninsula.

3. Israeli Relations with Iran

The agricultural assistance program in the Qazvin area has been very successful, and "we hope more like it can be set up". Relations between the two countries are very cordial, but are still somewhat low key; there is no Israeli Embassy as such here. The Israeli Representation does not get involved with proposed emigration of Iranian Jews to Israel; this is handled by Zionist committees here.

COMMENT: Mr. Tourgeman did not talk about the Jewish Community here as much as I would have wished; he parried questions about it and was intent on focusing on international affairs. His comments on items 1, 2 and 3 above are nothing unexpected.

POL:ETGreene/mjs

Distribution:

SAH/Reading

BIO

ETG chron.

CRU

CONFIDENTIAL
GROUP 4

CONFIDENTIALMEMORANDUM

To : FILE

February 14, 1966

From : POL: BTGreene

Subject: Evening at David TOURGEMAN's residence

Mr. Tourgeman called me up on the morning of February 14 and apologized for the late notice but invited me and my wife to come over to his apartment that evening about 9:00 p.m. for drinks and to meet some friends of his.

Those present included: Bilgin UNAN (First Secretary of the Turkish Embassy) and his wife, Mme. Lozen Unan, who is Second Secretary at the Turkish Embassy (RCP), and Mr. Karen . ALTM (Third Secretary of the Turkish Embassy) of RCP. Also present was Colonel EFRAI, the Deputy Military Attache of the Israeli office and a Mr. and Mrs. Shavik of Israel.

Mr. and Mrs. Shavik, on a "study trip" through the Middle East and Far East, said they have only spent a month here and intend to spend another month before proceeding to India, Thailand and possibly Viet-Nam. They said they intended to visit Afghanistan and Pakistan as well, whereupon Colonel Efron said they would not be able to go to these countries on Israeli passports. I would guess that the Shaviks are about 25-30 years old. He has been working for five years in the Department of Arab Affairs (which deals with the Arab minority within Israel) in Jerusalem, and has been studying at Hebrew University as well. Both he and his wife speak fluent Turkish. In addition he speaks Arabic and Persian; and said he studied Spanish for four to five months. He also knows at least a handful of words in Turkish.

The conversation ranged to various topics of no political significance and my wife and I left about 12:30.

Comments:

It would be interesting to know more about Mr. Shavik's visit to Iran, the places he has been and the contacts he has made.

POL:BTGreene/jac/rjh 2/24/66

Distribution:

JFH/POL Reading

JAH/POL Subject

CH-OR

OK

CRU

BIO (Israeli)

CONFIDENTIAL

GROUP 4

Downgraded at 3-year intervals,
declassified after 12 years.

11.7. 11.22 381744
11.22 1/31/67

CONFIDENTIAL

Embassy, Tel Aviv
January 23, 1967

BACKGROUND OF INVESTIGATION

SUBJECT: Present status of Mordechai Ga'it

REFERENCE: Mordechai Ga'it, Assistant Director General,
Ministry for Foreign Affairs
R. M. Stackhouse, Embassy, Tel Aviv

*= wants to reach
Amb.*

At lunch January 19, Mordechai Ga'it was mellow and relaxed. I asked him if he was busy. He said no, not especially. He was heading up two or three task forces in the Ministry and in fact one of the task forces had completed its work that very morning. In spite of my probes, Ga'it would not tell me precisely what it was his task forces were concerned with. He said that he had about one meeting a week in connection with his task force work and that of course some time was taken up in preparation for the meetings and mopping up afterward.

He was doing a lot of public speaking these days, he continued, and had within the next few weeks about fifteen lectures, before Knesset audiences, the Israeli National War College and so on. He said one upcoming lecture was on the U.S. and the Middle East. His principal text was the U. Alexis Johnson speech of January, 1964. In his lecture he would also make reference to some of Mr. Dulles' speeches in the mid-1950s to show how far the U.S. had come by 1964.

Though Ga'it was not very informative about exactly what he was doing, it came out in the course of the conversation that he was still very interested in, and very well informed on, matters having to do with Iran, South Arabia and the Horn of Africa.

He seemed especially weary and disinterested in discussing Arab/Israel issues.

GROUP 4

Downgraded at 3-year intervals.
Declassified 12 years after date of origin.

CONFIDENTIAL

CONFIDENTIAL

- 2 -

I recalled a conversation we had had in Washington over two years before when he, in discussing means by which Israel might gain greater acceptance in the Middle East, had suggested ways should be found to increase routine traffic through Mandelbaum Gate. He had suggested that the USG should seek every opportunity to increase Gate transit by USG employees for both official and non-official purposes. I said he would be interested in knowing that recently there had been increased restrictions on travel by our Consulate General personnel through the Gate imposed, not by Jordan, but by Israel.

Gazit's response was indirect. He stated as a general proposition that governments ought to make up their minds what it is exactly that they want and then proceed by well conceived programs to achieve their objectives. He left no doubt that the GOI was not following this prescription in handling Arab/Israel issues. Take for example, he said, the question of crossings by diplomats and tourists at Rosh Hanikra. He felt that it was a desirable objective for the GOI to do everything possible to open up Rosh Hanikra as Mandelbaum Gate had been opened. Yet it could not seem to decide that this was a desirable objective, much less go about achieving it in an effective way. He was convinced, he said, lapsing into a philosophical mood, that the bane of modern existence was bureaucracy. Mr. Eban might agree very well with him in principle, but putting new ideas into practice through the bureaucracy was impossible.

Gazit said his Rockefeller Grant to do a book on "Israel and the Great Powers" was still pending. The amount of the grant, \$14,000, was simply not enough to finance the two years' work necessary to do the job. He gave no indication that getting two years off from the GOI would present any problems.

Some additional miscellaneous items from the conversation:

- (a) Israel has more technicians in Iran (40) than in any other country.
- (b) The attitude of the Turks was disappointing. Gazit had noted a statement by the Foreign Minister before the Turkish Parliament that, in the event of another Middle East dust-up on the order of 1958, the Turks would not permit the U.S. base at Adana to serve U.S. military interests in the area. Furthermore, the Turks had consulted the Israelis

CONFIDENTIAL

CONFIDENTIAL

- 3 -

only as their Foreign Minister was about to begin his visit to Egypt, thus making it impossible for Israelis to give their advice to the Turks in good time.

(c) Gazit said with a mischievous smile he thought it was about time the Israelis taught the Syrians a lesson; they really ought to give the Syrians a good bash. I said to Gazit that he knew well how we felt about these things as a matter of principle. There was besides the possibility that the irrational Syrian regime might react by setting off major hostilities. Previous Israeli bashes had not taught the Syrians a lesson; why should another one? Furthermore, at present there was some hope the upcoming extraordinary session of the ISMAC would help reduce tension. It seemed to me it was a particularly poor time to be doing what Gazit suggested and I was more than a little surprised that Gazit of all people was thinking in these terms. Gazit insisted that strong military action was the only way to straighten out the Syrians. As we parted he smilingly reminded me to report his views as MFA views. I told him to keep cool; one heard enough talk about bashes in IDF circles.

NOT CLEAR
TO ME

Comment: Gazit is the only senior MFA official we have heard talk quite this hawkishly in the current tension. That he would do so is probably another sign - if one were needed - of his conscious non-identification with the MFA establishment. Our conversation covered refugees and the Horn of Africa, being recorded elsewhere. The conversation confirmed what we have heard from other sources that Gazit really is at loose ends in the Ministry and there is a continuing decline in his influence. Discreet inquiries have failed to give us any idea what happens next.

POL:HHStackhouse/lf

cc: Mr. Davies, NLA; NEA/LAI; Embassies Teheran (Mr. Thatcher), London (Mr. Palmer), Damascus (Mr. Chase), Ankara; Ar. congen Jerusalem.

CONFIDENTIAL

Israel

United States of America

INCOMING AMERICAN EMBASSY TEHRAN

SECRET

Classification

Control: 7166

ACTION:

241-2

Recd: May 25, 1967

0615

PR 241300Z MAY 67
FM AMEMBASSY LONDON
TO RUEHC/SECSTATE WASHDC 6656 PRIORITY
INFO RUEIVCR/AMEMBASSY CAIRO 271
RUEYBE/AMEMBASSY BEIRUT 128
RUOTAN/AMEMBASSY TEHRAN 145
RUOMVL/AMEMBASSY TEL AVIV 141
RUEHCR/AMEMBASSY MOSCOW 257
RUEHDT/USMISSION UN NY 432
RUEOPSA/CINCPAC/NEAFSA
ZEN/AMEMBASSY AMMAN UNN
ZEN/AMEMBASSY DAMASCUS UNN
ZEN/AMCONSUL JERUSALEM UNN
STATE GRNC
BT
SECRET LONDON 9326

LINDIS

TANKERS ENGAGED IN IRAN TO EILAT RUN

1. FOL DATA, OBTAINED FROM IRAKIAN OIL CO. AFTER BREWER-PALMER TELCON, SUPPLEMENTS INFO PASSED TO AKINS MAY 23.

2. LISTED OWNERSHIP OF FOUR TANKERS (ALL LIBERIAN FLAG) WHICH REGULARLY CARRY OIL FROM IRAN TO EILAT:

- A. NORA - HARIZ TANKER CORP. (MANAGER - E. HAYMAN), MONROVIA.
- B. LEON - TRANS-WORLD TANKER CORP., MONROVIA.
- C. SAYSON - SUPERTANKER CORP., MONROVIA.
- D. CIRIS - (FORMERLY HE AURORA), ASTRO-ARMADA NAV. S. A., PANAMA.

3. A FIFTH SHIP, THE PATRIA, LISTED AS OWNED BY ZAS TANKER CO., LTD. MONROVIA, HAS BEEN USED IN THIS PROGRAM BUT IS NOT NOW SO ENGAGED.

4. THE OIL COMES FROM STOCKS OWNED BY TWO MEMBERS OF IRICON GROUP: SIGNAL-IRAN OF LOS ANGELES AND SONIO OF CLEVELAND.

GP-3. BRUCE

/AEP

SECRET

Classification

Small RLD last

S E C R E T NO FOREIGN DISSEM
CLASSIFICATION

Intelligence Information Cable

COUNTRY IRAN ISRAEL

FIELD REPORT NO. NIT-7411

DATE OF INFO. 27 MAY 1967

DISTR. 29 MAY 1967

SUBJECT

OIL TANKERS TRAVELLING BETWEEN IRANIAN
PORTS AND THE GULF OF AQABA

DATE & DATE ACQ. IRAN, TEHRAN (27 MAY 1967)

REF TDCS-314/07341-67

SOURCE AND APPRAISAL: PARAGRAPH 2: AN OFFICIAL BRITISH SERVICE.

PARAGRAPH 3: AN IRANIAN BUSINESSMAN WHO IS WELL-INFORMED ON ECONOMIC RELATIONS BETWEEN IRAN AND THE SOVIET BLOC AS WELL AS OTHER COUNTRIES IN THE MIDDLE EAST. HE IS A NEW SOURCE AND HIS RELIABILITY CANNOT YET BE JUDGED.

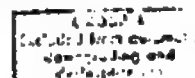
1. (FIELD COMMENT: TDCS-314/07341-67 REPORTED THAT THE TANKERS SIRIS (FORMERLY THE AURORA), NORA, LEON AND SAMSUN-- ALL FLYING THE LIBERIAN FLAG--REGULARLY CARRY OIL TO EILAT.)

2. THE TANKERS NORA AND LEON DEPARTED KHARG ISLAND FOR THE GULF OF AQABA ON 20 AND 24 MAY 1967 RESPECTIVELY. THE TANKER SIRIS IS DUE AT KHARG ISLAND ON 28 MAY TO LOAD OIL. IT IS NOT KNOWN WHERE THE SAMSUN AND THE PATRIA, ANOTHER

This material contains information affecting the National Defense of the United States within the meaning of the Espionage Laws, Title 18, U.S.C. Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

S E C R E T
CLASSIFICATION

NO FOREIGN DISSEM
DISSEM CONTROLS



SECRET

NO FOREIGN DISSEM

11-11-11

2

TANKER WHICH CARRIES OIL TO ISRAEL AND WHICH ALSO FLIES THE LIBERIAN FLAG, ARE AT THE PRESENT TIME.

3. THE SIRIS AND THE PATRIA TRAVEL REGULARLY BETWEEN KHARG ISLAND AND EILAT WITH OIL FOR ISRAEL, A ROUND TRIP OF ABOUT 20 DAYS. OTHER SHIPS ARE ALSO KNOWN TO CARRY OIL FROM IRANIAN PORTS TO ISRAEL, BUT A NUMBER OF THEM ARE FALSELY MANIFESTED ON LEAVING PORT SO THAT EILAT IS NOT LISTED AS THEIR DESTINATION.

4. FIELD DISSEMINATION: STATE ARMY NAVY AIR CINCUSNAVEUR CINCSCUTH (PERSONAL) CINCPACAFSA. ALSO SENT LONDON, AMMAN, BAGHDAD, BEIRUT, CAIRO, DAMASCUS, JUDDA, KUWAIT, ANKARA, ISTANBUL.

REPORT CLASS SECRET NO FOREIGN DISSEM

SECRET

NO FOREIGN DISSEM

~~SECRET~~
Pipeline Israeli

SECRET/NOFORN

Department of State

INFO : LONDON (3), TEL AVIV

Amembassy TEHRAN

DATE: May 27, 1968

Israeli Pipeline

CERP-D; Tel Aviv's A-777; INR Report April 1968, Subject;
"The New Israeli Pipeline: Fact not Fiction" (SECRET/NOFORN)

SUMMARY

Israeli officials believe an Eilat/Mediterranean oil pipeline will prove less onerous to construct and maintain than equivalent tanker capacity. Flexibility of the line is believed to be greater than by large tankers in supplying Eastern Mediterranean ports. The pipeline will be finished within one year and ample crude will be available.

* * * *

The following observations regarding the Israeli pipeline were gleaned from long conversation with Israeli officials on May 14:

1. Economic Justification

A. Cheaper than Around Africa. While oil companies claim the pipeline is not economic, they know better. As Israelis see it, 29 ships of 200,000 ton capacity can move 50 million tons of oil through the pipeline in the course of a year. To move the same amount in the same time span with the same size ships around Africa, would required 50 ships. Each ship costs \$20 million, and since this would mean 21 more ships the extra cost is over \$400 million, which is two or three times the cost of the pipeline.

SECRET/NOFORN

ECON:R#Harlan:pm 5/23/68

ECON:R#Harlan

ECON:R#Dowell

AMU:AHMeyer(draft)

DCM:R#Thacher(draft)

SECRET/NOFORN

2

B. Lower Maintenance Costs. The Israelis claimed that maintenance costs are much higher for ships than for pipeline, with ratio of maintenance to capital costs being 2:1 for ships versus 1:2 for the pipeline.

C. Superior Port Handling Facilities. The Port of Eilat is so deep it can handle ships of any size. At the other end, the port will be able to shuttle smaller ships to European ports in the Eastern Mediterranean which in any case can handle only smaller ships and would be unable to receive supertankers coming from around Africa; i.e., double handling would be necessary in any case.

Thus, the Israelis are convinced that a pipeline is fully justified economically, even if Suez were to be reopened.

2. Financing.

In response to a query about the reason for Baron Rothschild's withdrawal, the Israelis said he was never in.

3. Availability

They said this would be a transit facility open to any one. They noted that all the oil for the present 16" pipeline currently comes from Iran, but no commitment has been given that would make capacity available to Iran in the existing 16" line.

4. Construction

They expect to be finished within one year. Much of the pipe will be made in Israel by a pipe mill, built there by Torrance of California. They have not been using the modern high-frequency welding process being used in the Almaz Pipe Mill and are using a more conservative, old-fashioned process. They said they are completely convinced that Torrance mill is satisfactory although such projects inevitably have a shake-down period. They mentioned that the quality of steel sometimes presents problems.

5. Supply of Crude

They added that they are not worrying in the slightest about availability of sources of crude for deliveries through the pipeline; the only problem was finding customers at the other end of the line.

THACHER

Ruth

SECRET/NOFORN

Form 10-1
Eilat-Ashkelon

A-1184

SECRET

Department of State

INFO: BEIRUT, TEHRAN, USINT CAIRO

AmEmbassy Tel Aviv

Eilat - Ashkelon Pipeline

Tel Aviv A-777

Tehran A-619

Tehran A-620

Israeli Pipeline

September 7, 1968

EMBASSY OF THE
UNITED STATES OF AMERICA

16 SEP 1968

ECON 2
AMB
DCH
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ATTS
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COTL
CIRON
POUGH 3

Although Israeli officials continue to speak mostly in generalities about the pipeline project, a few items from recent discussion with Mr. Dov BEN DROR, Chairman of the pipeline companies and Dr. Moshe NEEMAN, the Director of Fuel Administration, provide a little better insight into the project.

Dr. Neeman said he had been instructed to say nothing to anyone about the pipeline. He added that this was a silly instruction since just about all he knew about the project was contained in Platt's daily (not available in Tel Aviv) during the first week in June, and Platt's information was pretty reliable.

Preparation of the site for the pipeline is well underway, and the actual laying of the pipe is now expected to begin in October. Estimates of completion are now given as "September 1969", or more broadly "Autumn 1969".

Both sources declined to specify what transit fees will be charged. Ben Dror said he knows what it will cost to transport the oil, but will never reveal that figure, and he knows approximately what he will charge, but is holding this figure closely because it is still subject to negotiation.

TO:	FACT.	INFO.	INIT.
AMT			
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RU			
ACT			

Return to ECON (RLD)

GP - 3
SECRET

* ECON/AID:RAFlaten:jb:9-6-68
* COMMATT:CENofms, Jr.
* ECON:ASKochane

ECON:RCBreathut

SECRET

Tel Aviv A-116

The Ashkelon terminal of the 42 inch pipeline will be able to serve all types of tankers, not just small ones for Eastern European ports which are unable to accept supertankers. According to Ben Dror, although there are no Israel flag tankers, Israel either owns or is able to obtain the services of enough ships to run 20 million tons of oil through the pipe a year. In a previous conversation, Ben Dror had complained that an American steamship company had cancelled a contract it had had with Israel because of Arab pressure on one of the major oil companies. This week Ben Dror said that this problem has been solved, but the GOI is still considering whether or not to take legal action against the shipper. The problem was solved, he said, by the Government of Israel, which made certain "hints" to the oil companies that Israel would prefer not to be treated in this way. Ben Dror said he did not expect the oil companies to publicly make common cause with Israel, but he thought they should at least avoid kicking Israel unnecessarily.

ZURHELLEN

(R S)

SECRET

~~SECRET~~

5/1/69

~~PLH~~

~~NOT~~

The Ambassador

RLD.

~~M~~

Attached is a recent letter from Rod Wright in Beirut. I think that you may find of interest two (marked in red) paragraphs/in his letter: the first deals with an opinion that the Israelis will be able to easily find 400-500,000 bpd for the new crude line- - - from the independents in the Gulf and NIOC (to me this seems quite high) and the second Stauffer's comments crude production peaking in Iran and his belief that the Shah will not be impressed by such figures.

CO

RLD

~~SECRET~~

SECRET

Israeli Pipeline

Beirut, Lebanon

April 25, 1969

OFFICIAL-INFORMAL

Warren Clark, Jr., Esquire
Fuels and Energy
Bureau of Economic Affairs (E/ORF/FSE)
Department of State
Washington, D. C.

Dear Warren:

Please accept my warmest thanks for sending out the material for presentation to Professor Mikdashi. I handed them over at the April 23 session when Wally McDonald held forth. The material will be useful not only to Mikdashi and the AUB students, but also to consultants and others here in Beirut to whom I have supplied an anotated bibliography of the publications given to Mikdashi.

Several of us are looking forward to the complete Anti-trust and Monopoly Subcommittee report; I hope you'll have a chance to send out around five copies just as soon as it is printed. I suspect that other colleagues in Tehran, Kuwait, Dhahran, Tripoli, etc., would also appreciate receiving copies.

As requested in your April 8 letter we are on the alert to any information concerning the Israeli pipeline. As I believe I mentioned before, Jack Hartshorn stated when he was here for the AUB seminar that the Israelis will have no trouble whatsoever filling the line to 400-500,000 B/D, citing only the independents in the Gulf and NIOC. As for the latter, your excellent and very useful memcon of April 4 (SECRET) certainly contained a bombshell -- Henry Moses' comment on page 7. As I eagerly studied your report, it occurred to me to suggest that you might want to pass a copy to London.

SECRET

SECRET

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Further notes on the memcon:

-- page 5 - Dhahran's A-57, 4/2/69, Encl. 2, p.1, puts Aramco's reserves at 84.4 billion, very close to Hedlund's figure, but above The Oil and Gas Journal's 77 billion.

-- all of the presentation by the industry representatives. I wasn't sure whether in their discussion of Iranian reserves they were counting only Consortium reserves or the whole Iranian picture. It would seem the former. However, this would distort the picture from the point of view of the Iranians since non-Consortium operators, including the new Arepi group and Continental, could well increase the Iranian reserves figure therefore leading to a later, and perhaps much later, downturn or peaking in production. On the other side of this reserves/production coin, Wally McDonald noted here that the share of crude in the European energy picture could well peak in the mid-70's. Could this be a reason behind the Iranian desire to push so hard now? Tom Stauffer, during his seminar appearance here a week ago, emphasized the Iranian desire to push as fast as possible now in order "not to go broke" (I'll leave it to Bob Dowell to treat that one). What Tom implied, however, is that the Shah will not be dissuaded by "peaking" statistics presented by the Consortium.

I see the SAG is keeping a watchful eye open -- Dhahran's 359 and A-60 have just arrived.

This letter started with publications, so it may as well end on the same note. The April issue of the News Letter, publications page, carries a reference to Edward H. Shaffer's The Oil Import Program of the United States: an Evaluation, New York: Praeger, 1968; 257 pp, \$17.00. Before I send off an order, can you tell me whether it is worth it or not (...perhaps you might have an extra copy??). Also, do you have a copy of the Interior study dated January 16, 1969, concerning "Cost of the Oil Import Program to the American Economy", which is mentioned on p. 3 of Mead's paper.

SECRET

SECRET

3

Again, many thanks for the help.

Sincerely yours,

Red

Roderick M. Wright
Petroleum Officer

cc: Robert L. Dowell, Jr., Esquire (w/annotated bibliography)
Petroleum Officer
American Embassy
Tehran, Iran

SECRET

FOREIGN SERVICE OF THE UNITED STATES OF AMERICA
OFFICE OF THE AMBASSADOR

12.29.69

Date.....

Mr. Ambassador:

Sub: The Attached

Charlie McCaskill will set up the appointment
with the head of the Israeli Mission. Could
he come to the office to see you this coming
monday, January 5, at 1430? Your **OK**
schedule is otherwise free that afternoon.

ar

~~Answer~~
~~AO. Let's~~
~~wait till had a. m.~~
~~to decide when~~
~~talk to me~~
~~about it~~
~~the~~
~~Dec 31~~

UNITED STATES GOVERNMENT

Memorandum

BIC
(ISRAEL)

TO : The Ambassador
THRU : The DCM *WJL*
FROM : POL - CWM *CWM*

DATE: December 18, 1969

JEI 4-18-70

SUBJECT:

My contact in the Israeli Mission called today to say that "his Ambassador", Mr. Ezri, would like to arrange a meeting with you. I told him that I would inquire and let him know.

Mr. Ezri is the Chief of the Israeli Mission here and, while he has the personal rank of Ambassador in his own service, he has no Ambassadorial rank here. He is not listed in the diplomatic list and is not included in diplomatic functions. He operates in a sort of limbo, neither fish nor fowl.

Our relations with the Israelis here have never been close, though we do maintain contact on the working level. They are fairly good sources of information, and at that level, we have found it fruitful to keep in touch.

In your discretion and when you have time, I think you might receive Mr. Ezri here. Since he does not have Ambassadorial rank, there would be no question but that he should call on you. If you approve, I will call my man back, and tell him that you are very busy making *and have* ~~your calls on other Ambassadors now, but when you do have time, you~~ *can ill* ~~would be glad to receive Mr. Ezri here. Then when you do have the~~ time, we can go ahead and set up his call.

(perhaps in next ten days or so)

Decontrol following December, 1970

*But you'll call Monday next
no a specific date + time*

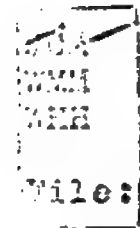
LIMITED OFFICIAL USE



DEPARTMENT OF STATE

Washington, D.C. 20520

SECRET



March 17, 1970

TO: NEA/IRN - Mr. Miklos
FROM: E/ORF/FSE - James E. Akins *JA*
REFERENCE: Your Memorandum dated March 12, 1970
SUBJECT: Throughput of Israeli Pipeline

Our estimate based on available information is that about three-quarters of the oil going through the Israeli Pipeline comes from Iran. The rest, amounting to some 75,000 to 100,000 barrels per day, comes from the Bela'im offshore and onshore fields in Sinai, occupied by Israel since June 1967.

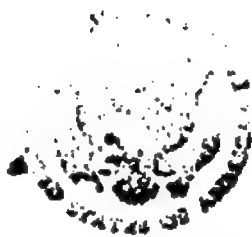
Of the oil going through the Israeli pipeline from Iran, we believe most of it is owned by the National Iranian Oil Company (NIOC). In January Iranian offshore concessions produced 340,000 b/d, of which NIOC's share would be about 170,000 b/d. (However, not all of this is available to go through the Israeli pipeline since NIOC has some customers East of Suez).

As much as another 100,000 b/d of NIOC oil could be going through the Israeli pipeline under barter oil agreements between NIOC and the Consortium, by which up to a certain amount of oil can be purchased by NIOC from the Consortium at a "quarter-way" price for sale only to specified countries in Eastern Europe. Much of this oil is believed to be going to Romania.

It is possible that some Iranian oil from Iricon members or other small companies without interests in Arab countries are using the Israeli pipeline. However, we have no evidence that any of the major oil companies or companies producing in any Arab country are using the line. And we doubt that they would do so.

E/ORF/FSE/WClark, Jr:led

SECRET



AMEMBASSY TEHRAN

SECRET

CONTROL: 5820

August 22, 1970

ACTION: R 221140Z AUG 70
ECON-5 FM AMCONSUL DHARRAN
TO RUEHC/SECSTATE WASHDC 1825
INFO: INFO RUQVAN/AMEMBASSY TEHRAN 551
RUQAVL/AMEMBASSY TEL AVIV 52
RUQVRA/AMEMBASSY JIDDA 2605
RUQVKW/AMEMBASSY KUWAIT 781
RUQVCR/AMEMBASSY LONDON 6:7
RUQMBE/AMEMBASSY BEIRUT 711
BT
S E C R E T DHARRAN SIS
DEPARTMENT PLEASE PASS CAIRO

SUBJ: EILAT-ASHQUELON PIPELINE

1. AT THIS CRITICAL TIME, WE BELIEVE ANY US ASSOCIATION WITH EILAT-ASHQUELON PIPELINE SCHEME MIGHT INVOLVE DANGEROUS RISKS VIS-A-VIS OUR RELATIONS WITH FRIENDLY ARAB OIL PRODUCING STATES AND WOULD PROVIDE BADLY-NEEDED AMMUNITION IN ARAB EXTREMISTS FIGHT AGAINST CURRENT PEACE EFFORT LAUNCHED BY U.S. POPULAR FRONT FOR LIBERATION OF PALESTINE IN JULY 11 ISSUE BEIRUT WEEKLY AL-HADAF HAS ALREADY ACCUSED US, SAG AND IRAN OF PLOTTING AGAINST ARAB INTERESTS BY ARRANGING TO HAVE ADDITIONAL IRANIAN OIL PUMPED THROUGH THE ISRAELI LINE.

2. MOREOVER, AT TIME WHEN ALL PRODUCING STATES IN GULF ATTEMPTING INCREASE PRODUCTION, ANY MOVE THAT WOULD SEEM TO ASSIST ONE PRODUCER (I.E. IRANIAN NATIONAL) TO BETTER ITS POSITION IN LUCRATIVE EUROPEAN MARKET WOULD BE DEEPLY RESENTED BY GOVERNMENTS OF ARAB OIL PRODUCING STATES AND US OIL FIRMS OPERATING IN AREA.

3. IN SHORT, WE FEEL THIS ESSENTIALLY MATTER BETWEEN IRANIANS AND ISRAELIS AND BOTH ASTUTE ENOUGH TO SEE POSSIBILITIES OF EILAT-ASHQUELON PIPELINE WITHOUT PROMPTING BY USG.

DINSMORE

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EXD13

Department of State

TEHRAN
Ambassy TEHRAN

ACTION: SecState, WashDC

3654 7

INFO: Ambassy LONDON
Ambassy BOMN
Ambassy BELGRADE
Ambassy ATHENS
Ambassy BRUSSELS
Ambassy THE HAGUE
Ambassy BEIRUT
Ambassy AMMAN
Ambassy JIDDA
Ambassy TEL AVIV
Ambassy KUWAIT
Amconsul DHAHRAN
USMISSION NATO
USMISSION EC BRUSSELS
USMISSION OECD PARIS
USINT CAIRO

24 AUG 70
1400

SECRET TEHRAN 3654

EXD13

SUBJECT: Elat-Ashqelon Pipeline Potential

REF: STATE 135651

1. Iranian oil in principle available for possible Western European sale via Israeli pipeline is:

(a) oil sold by Consortium members. Because Consortium members have extensive interests in Arab countries which would be jeopardized by use of Elat pipeline, Consortium does not use it.

COPIES: 10	DRAFTING DATE: 8-24-70	TEL. NO.: 2120	APPROVED BY: AMR:MacArthur II
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~~SECRET~~
CLASSIFIED

(c) Oil from MIOC joint ventures with foreign companies, mostly produced offshore.

3. Iran is of course eager expand oil offtake wherever it can, and it will need no rpt no stimulus from us or others to use that pipeline to greater extent should this prove feasible.

32

Accordingly, we think it would be both dangerous to our relations with Arab world, and unnecessary, for us to suggest expand use of Khat pipeline for Iranian oil.

4. DEPT PLEASE PASS AMEMBASSY DOWN, BELGRADE, ATHENS, BRUSSELS, THE HAGUE USMISSION NATO, EC BRUSSELS, OECD PARIS AND USINT CAIRO.
MACARTHUR

to VMA

SECRET/EXCISE

38

SECRET
DEPARTMENT OF STATE
Ministry of Foreign Affairs

EMBASSY OF THE
UNITED STATES OF AMERICA
27 OCT 1971

DATE: October 27, 1971

SUBJECT: Israeli Pipeline

PARTICIPANTS: A.K. "Pete" Wolcast, Esq.
Warren Clark, F/OBP/ESL

COPIES TO: Ambassador, Tel Aviv
Ambassador, Moscow
Ambassador, Cairo
Ambassador, Beirut
NSA/ISA

NSA/NSA
NSA/ISA
TIR (10)
R/OBP/ESL (3)

Mr. Wolcast said Israel's best estimate of the current throughput capacity of the Israeli pipeline was only 400,000 barrels per day. He said this was based on a number of sources, including talks with Israelis who were knowledgeable about the Israeli oil industry; recent statements made in the Israeli Press; and other sources. The Shah of Iran, who in the past has said he has an equity interest in the Israeli pipeline, also gave an estimate close to this figure (450,000 b/d).

Mr. Wolcast said the Israeli source said actual throughput in September was about 300,000 b/d, that plans are to increase capacity to 600,000 b/d in 1971; 800,000 b/d before 1972 and 1973, and 1.2 million b/d between 1973 and 1980. He said estimates of throughput costs were 20 cents per barrel.

Mr. Wolcast said the Israeli sources also said that almost all the major international oil companies were directly or indirectly using the Israeli pipeline. Mr. Wolcast added he could not confirm this estimate, but that his company was not using the line.

Comment: In an earlier conversation with an executive of Standard Oil of Indiana, he volunteered that his company was shipping most of its production from its IPRC concession offshore Iraq through the Israeli pipeline. The casualness with which he made this assertion led the reporting officer to suspect that authorities in Iraq, where most of Standard Oil of Indiana's interests in the oil field are located, may know this use of the Israeli pipeline and have not objected.

WOLCAST TEL TEL 10/12/70
(Dialing office and 0.00)

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FORM DS-155
2-69

Tehran, Iran

October 29, 1970

SECRET

OFFICIAL-INFORMAL

Warren Clark, Esquire
E/FSE
Department of State
Washington, D.C. 20520

Dear Warren:

Your October 8 memorandum of conversation with Pete Volgast contained some surprises. I had never heard that Iran, much less the Shah personally, has an equity interest in the Israeli pipeline. My understanding was that the Israelis had asked the GOI if it would permit oil of Iranian origin to transit the line. The Iranians replied in the affirmative, thus assuring the Israelis of a large enough throughput to make a pipeline of the size intended economically viable.

The question of who "uses" the line, of course, is largely a matter of definition. Presumably the extremist Arabs would say that any oil company selling its oil to a purchaser whom it (the seller) knows or should know will put the oil through the pipeline is itself "using" the line and is thus a legitimate target for retaliation. From this viewpoint, it would be true to say that many major international are "using" the line. However, representatives of oil companies here, big and small, swear that their companies do not send oil to which they themselves have title through the pipeline. They all say they know this would be unacceptable to all Arab governments including Saudi Arabia, Kuwait, and the sheikdoms.

I was also puzzled by your comment that an SOI executive reports that most of IPAC's production is going through the Israeli pipeline. As it happens, I just had a conversation this week with Dave Wilkie who is operations manager for IPAC. He says that because of the IPAC-NIOC tax/price dispute, Standard is lifting no oil at all for itself, and hence production is cut back severely to just enough to provide for liftings by NIOC. These liftings are some 50,000 b/d which NIOC is committed to supply to the Hadram refinery and about 25,000 b/d which, in Wilkie's words, "NIOC sells to Israel." He went on to explain that apparently this fills in some shortfalls in Israel's own production of oil for its own internal use.

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- 2 -

Since this leaves the whole picture rather cloudy, perhaps the next time you talk to Pete and the gentleman from Standard, you could press them on these points. It would be particularly interesting to know, if Standard's share of IPAC production before the shutback did indeed transit the Israeli line, whether at that point it was still owned by Standard or had passed to a purchaser.

All good wishes,

Sincerely,

John L. Washburn
Petroleum Officer

cc: NEA/IRN (RDowell)

SECRET



DEPARTMENT OF STATE

Washington, D.C. 20520

November 25, 1970

OFFICIAL INFORMAL
SECRET//NOFORN

John Washburn, Esquire
Petroleum Officer
American Embassy
Tehran

Dear John:

Thank you for your letter of October 29 in response to my memcon of October 9 with Pete Wolgast on Israeli pipeline throughput. My footnote about Iran's equity interest in the Israeli pipeline was based on a number of remarks made by the Shah in the last few years mentioning his "interest" in the pipeline, but especially on his conversation with the Consortium members in Zurich on January 31, 1969.

In the Consortium's minutes of that talk, the passage dealing with the proposed Iran-Turkey pipeline reads as follows:

"The Shah said that the (Iran-Turkey) pipeline was not a pet project of his: he saw the advantage, in the same way the members did, of keeping the flexibility afforded by tanker exports from Kharg Island, but on the other hand, he would not turn down the chance of earning an extra 10 cents a barrel if that was what the pipeline offered. It was merely a question of economics; if the pipeline was an economical one he was for it, if not he would not. HIR added that it was open to Iran to use the Israeli pipeline, particularly since they had an interest in the line. The Arabs could not prevent this, and he did not want and did not expect the Arabs to have a victory over Israel . . ."

It was particularly the proprietary tone and sense of this passage, plus other statements at other times, that led me to conclude that the Shah (or Iran, for I am afraid I sometimes fall into Iranian practice of equating the

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Imperial "we" with both) had a direct financial interest in the pipeline, rather than merely some throughout agreement.

In his conversation with Hedlund and Page September 27, 1970 the Shah brought up the Israeli pipeline, noted that "Iran is not a stranger to this project", and seemed to be gently promoting its use.

Bob Dowell seems to recall Ambassador Mavor inferring from a talk he had with the Shah that Iran had financial interests in the Israeli "2" pipeline. To Bob's recollection this talk took place about the time, in 1967 or so, that the Israelis were redoubling their efforts to find the necessary financing for the line.

There was a CIA report recently (OS-B 321/31217-70 dated 24 October 1970) that Agha Jari crude purchased from a "S" firm is going through the Israeli pipeline now, in addition to NIOC oil. This report was of course not evaluated. Place of acquisition of the information was Tel Aviv.

For what it is worth, the Iranian Embassy has been telling the Egyptian Interests Section of the Indian Embassy here, and us, that no NIOC oil at all is going through the Israeli pipeline. When I asked my friend Youssef Akbar of the Iranian Embassy what he meant by that, he said NIOC sells the oil at Kharg Island or wherever, and where the purchaser takes the oil is his business, not NIOC's.

The source of my information on SOI's use of the Israeli pipeline was Mr. Falkingham, SOI's General Manager in Iran. As well as Bob Dowell and I can recall, his words went something to the effect, "Our (offshore) production goes through the Israeli pipeline". Perhaps Falkingham can provide you with any more information you may require, if he is still in Iran.

Speaking of SOI, there are still several aspects of the IPAC business that mystify me. In your letter of October 3 you said that Egbal's position was that IPAC may not have prices discounted from the posted price used for calculating taxes and royalties, and that this "directly controvenes" a provision in the IPAC agreement which sets up a committee which "may" grant IPAC discounts. Although NIOC may allow discounts,

is it under any obligation to do so other than under the broad language in article 21-1 of the agreement? Also, for us to better understand the problem, it can be helpful to have details on the basis of the Embassy's estimate that Iranian production would be 200,000 b/d greater had the IPAC dispute been settled a year ago (Tehran 4355). Tehran's 5109 leads me to hope that the resolution of the IPAC/NIOC issues are now somewhere on the horizon.

Bob and I were interested in the Embassy's A-314 of October 29 about the LNG plant proposed by Kaiser. As you know, projects are now under way to import LNG into the US from Algeria and Venezuela, and studies have been made on importing LNG from Nigeria, which is somewhat further by sea than Algeria. The current cost estimates are that Algerian LNG would be considerably more expensive than present sources (about 63 cents per million Btu regassified at the US port vs. about 43 cents for gas now delivered at the East Coast by pipeline from Texas and Louisiana). We will no doubt end up paying the higher cost, however, since, as Kaiser rightly points out, we are running out of available gas in this country and will pay more rather than do without. However, I would be surprised if it was yet feasible for Persian Gulf LNG to be at all competitive in the US market with LNG from other sources as Kaiser apparently implied by suggesting that long-term contracts with US East Coast public utilities could be used as "collateral" for loans. Most of the cost of an LNG project is in the tankers; an LNG tanker about the size of a 40,000 or 50,000 dwt oil tanker costs in the neighborhood of \$40 to \$50 million (i.e., more than twice the cost of a 250,000 dwt oil tanker), so that costs increase very rapidly with the distance the LNG tanker has to travel.

If there is any potential market for Persian Gulf LNG during the next four or five years (the time it would take to get an LNG project going when starting from scratch) I would think it was Japan rather than Europe or the US. None of the industry sources we have talked to believe that even LNG to Japan is as yet feasible from the Persian Gulf, although all seem to agree that it will be someday as market prices rise. Japan is now getting LNG from Alaska and will be getting some soon from Brunei. I would suspect that closer sources of gas to Japan such as Indonesia might be tapped before going

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another three thousand miles or so to the Persian Gulf. In this connection, we would be most interested in the current status of plans mentioned by Mr. Firoozan of NIGC by American, French, and Italians for LNG plants in Iran. Do you agree with his assessment that time is short if Kaiser or others still want to get in on an LNG project in Iran? Incidentally, Kaiser reportedly mentioned that Iran had "unused capacity" of 450,000 cubic feet per day. Do you know how they got this figure? According to the Iran Oil Journal of October 1970, Iran in August was flaring about 1.9 billion cubic feet per day (56.4 billion cubic feet per month). Has flaring been greatly reduced now by the opening of the gas pipeline to the USSR?

This letter has become rather long. I hope it does not sound too contentious, for I don't mean it to sound contentious, but I thought it important to share with you some of our views and reactions.

With every best wish for the holidays,

Sincerely,



Warren Clark
Office of Fuels & Energy

cc: NEA/IRN - Mr. Powell
Commerce/OICR - Mr. Hale

SECRET

Tehran, Iran

December 23, 1970

OFFICIAL-INTERNAL
SECRET

Warren Clark, Esquire
S/POL
Department of State
Washington, D.C. 20520

Dear Warren:

Many thanks for your letter of November 25, which, such are the vagaries of air pouches these days, arrived only a few days ago. On the question of an Iranian equity interest in the Israeli pipeline, I don't really know where I come out after reviewing your points. I was aware of the Shah's comments to the Consortium representatives in Zurich, but I did read his statement there that Iran "had an interest in the line" as meaning that the GOI had made a statement of intent to use the line to the Israelis which the latter had used in support of the line's bankability. I have also subsequently been told by Eng. Sepahbani, Director of NIOC's Office of Economic Research, that the GOI had no need of a financial investment in the line because the Israelis were good at getting financing and very much wanted Iran to use the line in any case. As a result of all this, I am inclined to bring in a Scotch verdict of "not proved" until I can do some more digging around on the subject. I'll also try to see if CAS can help me out on this. I have also seen a copy of the Tel Aviv CIA report. I think what is behind this is that the NIOC receives crude from the Consortium under the arrangement with which you are familiar and sells it to Romania. This is all Agha-Jari light and does, of course, travel through the Israeli pipeline, but no international company is connected with it.

Youssef Akbar's line is the standard GOI/NIOC position. The NIOC does in fact usually make purchasers bear the responsibility for transporting the oil through the Israeli pipeline or whatever other form of transportation they choose.

The story with GOI's crude is the same as the Agha-Jari crude. That is to say the oil is indeed produced out of GOI's concession, but half of it becomes the property of the NIOC under the joint venture agreement. NIOC sells much of this share to purchasers who transport it through the Israeli pipeline. However, IPAC has reconfirmed to me that it does not send any of GOI's share of the concession's production through the Israeli pipeline.

Downgraded at 12-year intervals,
not automatically declassified

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- 2 -

Further on the IPAC problem, I perhaps did not make it clear that Egbal's position is that IPAC had no right to so much as ask for discounts and that, therefore, they are not a proper subject for negotiation or discussion between the parties. Our estimate that IPAC's production would be 200,000 b /d larger had its dispute been settled a year ago was provided to me directly by Dave Wilke, the manager of IPAC. There seems to be no possibility for a resolution of this awful mess in the near future. Vanderbeek (you will have seen our reporting on him stating our pleasure at his performance so far) must have time to find his feet and the whole aftermath of the sacrifice of Falkingham on the altar of Egbal's ego will take a while to die out.

Thank you for the very helpful background on LNG. I had not been aware of the full complexity of the economics of this new industry and I am very grateful to have the information at hand. We will be checking shortly again on the status of the applications to NIOC for LNG plants. I rather suspect that Mr. Firoozan may have been somewhat exaggerating the shortness of time available to Kaiser to make its application. I don't know where Kaiser got the 450,000 cubic feet per day gas availability figure, unless they were managing just one field. The Iran Oil Journal figure is as good as any I know for current rates of flaring. Flaring has not been greatly reduced by the USSR pipeline because much of the gas in the pipeline is supplied by special new wells drilled particularly for the purpose.

I enclose a document recently received under the table from NIOC and a copy of a memo I wrote for Bill to the Ambassador about it. As far as anyone in the Consortium here knows, the Consortium has not attempted to reply to the figures in this booklet. For the reasons I gave in the memo, I think it would be very desirable if we could get both sides discussing their respective figures now that the NIOC has produced what seems to me a very respectable presentation. In addition, I'd be interested in any general views on the booklet of representatives of Consortium members visiting you. Particularly, I'd be interested in any scuttlebutt that they might have as to the identity of the consultant whom I suspect wrote the analysis for the NIOC.

Don't ever worry about sounding contentious (and you didn't). We have to bat things back and forth to get the best appraisal possible for situations which at the best are generally pretty murky. I hope that this arrives in time to make appropriate my warmest wishes for a very happy New Year.

Sincerely,

John L. Washburn
Petroleum Officer

SECRET

DISTRIBUTION				DEPARTMENT OF STATE		FILE DESIGNATION	
AIRGRAM				Original to be filed in _____ Decentralized Files		PCOL 17 IRAN-ISA	
CONFIDENTIAL				CA-55			
HANDLING INDICATOR				TO : Amembassy TEHRAN		DATE: Jan 6 12 43 PM '71	
INFO : TEL AVIV				EMBASSY OF THE UNITED STATES OF AMERICA			
FROM : Department of State				TEHRAN			
SUBJECT : Minister in Charge, Iranian Mission to Israel, Ebrahim Teymuri							
REF : Your A-347 of December 7, 1970							
The following information on Ebrahim Teymuri, extracted from Kuwait's A-218 of April 9, 1964 (sent to Tehran), is submitted in reply to referenced airgram. Additional information is not available.							
Interest was evinced in the Shaykhdoms of the Southern Gulf by members of the Iranian Foreign Minister's party which visited Kuwait March 28-30. In particular, Ebrahim Teymuri spoke at some length with the reporting officer on the subject. Teymuri, who affirmed he was in charge of the Persian Gulf Division of the Foreign Office, was evasive about his role on the delegation and concealed his recent service in Israel by stating he had served in Bern, Switzerland, the past 6 years and in London before that. He claimed to know little about the Gulf stating he had not visited any of the Shaykhdoms and had only assumed his functions at the Foreign Office two months before.							
ROGERS							
GROUP I Excluded from automatic downgrading and declassification							
CONFIDENTIAL						For Department Use Only	
Drafting Date: 12/28/70				Phone No.:		Contents and Classification Approved by: INR/OIL/B-PEHuff	
INR/OIL/B-WChidekel smr				NEA/IRN-TWChilds (in substance) Rel			
INR/OIL/CS-DSimmons							
INR/DDM-MKStanley							

CONFIDENTIAL

The Files-(Iranian Mission File)

May 19, 1971

Day Freres, Political Officer, AmEmbassy Tel Aviv

Ebrahim TEYMURI, Chief of Iranian Mission in Israel

CA-55, January 6, 1971

On April 27, 1971, I called on the new head of the Iranian Mission to Israel, Ebrahim Teymuri, at his request. Teymuri indicated that he wished to maintain contact with the American Embassy as he had done during a previous tour in Israel (1960-1964?).

In the course of conversation, Teymuri indicated that the Iranian Government believes Israel should display more flexibility in its negotiations with the Arabs. He argued that it was not to Israel's long-term advantage to insist on the retention of Arab lands since this would only aggravate and prolong the Arab-Israel conflict.

Teymuri inquired whether the U.S. would put pressure on Israel to withdraw in accordance with something like the Rogers Plan. I told him that our Government is trying to persuade Israel to come out with its own ideas on a peace settlement and that we did not intend to force Israel to accept the Rogers Plan or any preconceived settlement plan.

Teymuri seems to be friendly to the United States and its Near East policies. He confirmed that he had been in charge of Persian Gulf affairs during part of the time between his departure from Israel and his return a couple of months ago (Ref CA). I did not press him on this, our first meeting, as to details of what he had been doing in connection with Gulf affairs.

I assume that Teymuri's status is the same as that of his predecessor, Ferydoon Farrokh, i.e. that he is technically a part of the Iranian diplomatic staff at Bern, Switzerland, but who is actually in charge of the semi-covert Iranian Mission in Israel.

The Iranian Mission in Israel seems to have about three officers, including Teymuri. The others I have met were H. Chazi-Zadeh who dealt (in 1969)

FOR JPFreres:lah 5/19/71

CONFIDENTIAL

TEYMURI, Ebrahim

CONFIDENTIAL

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mainly with Iranian-Jewish students in Israel, and Mahmoud Izadi, a political officer. (Izadi expects to leave before the end of 1971). The Mission is located in a villa at 28 Jabotinski Street, Ramat Gan, (tel: 733-033). Teymuri lives in the villa.

Switzerland protects Iranian interests in Israel and applicants for Iranian visas are directed to the Swiss Embassy in Tel Aviv. However, an Iranian Mission employee handles the visa issuances.

cc: INR/OIL/E
CIA/OIC
AmEmbassy Tehran (POL)

CONFIDENTIAL



DEPARTMENT OF STATE

Washington, D.C. 20520

March 23, 1972

SECRET/NOFORN - EYES ONLY

OFFICIAL-INFORMAL

John L. Washburn, Esquire
American Embassy
Tehran

Dear John:

In view of the "No Dissem Abroad" restriction on the enclosed CAS report you may not have seen it. I've put the "Eyes Only" caption on this letter as we should hold very closely the fact that I have passed it along.

In para 3 the report suggests that NIOC has an equity interest in the Eilat-Ashkelon pipeline. A few years ago I gained the impression that GOI had some undefined financial interest in it. I had assumed however that this was limited to loans, guarantees, and/or throughput agreements; equity participation however surprises me. Any information you may have on this question would be of interest to us.

Sincerely,

Robert L. Dowell, Jr.

Enclosure:
CAS Report 00-B-321/00088-72
dtd 1/14/72

SECRET/NOFORN



DIRECTORATE OF
INTELLIGENCE

Intelligence Information Report

This material contains information affecting the National Defense of the United States within the meaning of the Espionage Laws, Title 18, U.S.C. Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

Guy Casuso
143-7931
Pipeline

S-E-C-R-E-T

COUNTRY Israel/Iran

REPORT NO.

OO- B-321/00088-72

SUBJECT Eilat-Ashkelon Pipeline/Increased
Capacity/Second Pipeline/Additional
Mooring Buoys/National Iranian Oil
Company Partnership

DATE DISTR.

14 JAN 1972

NO. PAGES

2

REFERENCES

NEA/IRN

DATE OF INFO. December 1971

PLACE & DATE ACQ. BY SOURCE Tel-Aviv/December 1971

THIS IS UNEVALUATED INFORMATION

SOURCE US citizen; executive of firm engaged in manufacture of offshore oil equipment.

1. During discussions with Ben Dor, Chairman and Managing Director, Eilat-Ashkelon Pipeline Company, and Bar-zew Shaul, General Manager, Maritime Bank of Israel, it was learned that present planning calls for an ultimate capacity of 120 million tons per year. This figure will be reached within three years primarily through the addition of a second 42 inch pipeline and changes in the floating storage facilities at Ashkelon. It is estimated that the ultimate capacity of each pipeline will be 60 million tons. Present capacity is 40 million tons and the volume for calendar year 1971 was about 20 million tons.
2. In addition to the second pipeline, the following changes are planned. At Eilat the loading dock which currently handles two 100 thousand dead-weight tonnage tankers will be expanded to be able to handle two additional tankers in the 150 thousand dwt class. On the Ashkelon side, there are currently two multi-point and one single point mooring buoys. In January 1972 a contract will be awarded for a fourth buoy, which will be a single point mooring system. In May 1972 berth one, a multi-point buoy, will be replaced by a single point buoy. Ten months from the completion of the fourth buoy, berth five, a single point system, will be added. The single point system allows 60% greater utilization of the berth when compared to the multi-point system because the moored vessel can rotate 360° around the single buoy terminal with changes in wind, tide and current.

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3. After many attempts to keep it secret, Ben Dor admitted that the Eilat-Ashkelon Pipeline Company is half owned by the National Iranian Oil Company (NIOC). Dor had requested five year financing on the changes in the mooring system described above. The US firm's bank ran credit checks on the pipeline company and determined that it is 50% owned by the government of Israel and 50% by APC Holdings of Montreal. The bank then tried to determine the location of and names of the officers of APC but were unable to

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GROUP 1
Excluded from automatic
downgrading and
declassification

S NO

CONTROLLED DISSEM

NO DISSEM ABROAD

The dissemination of this document is limited to civilian employees and active duty military personnel within the intelligence components of the USIB member agencies, and to those senior officials of the member agencies who must act upon the information. However, unless specifically stated otherwise, it may be released to those components of the departments and agencies of the U.S. G.

do so. When told that the inability to identify APC Holdings was hindering the financing, Dor stated that officials of NIOC were his partners. He added that most of the crude pumped through the pipeline is from Iran. Dor mentioned that two 225 thousand dwt tankers are under construction in Norway by Maritime Fruit carriers. One is almost completed and the other will be finished in a few months. They will both carry crude from Iran to Eilat.

- end -



Department of State

TELEGRAM

AMEMBASSY TEHRAN

TP

R 091230Z FEB 73

FM AMEMBASSY TEL AVIV Classification CONFIDENTIAL

TO RUEHC/SECSTATE WASHDC 7237

INFO RUESKG/AMEMBASSY AMMAN 5799

RUESBE/AMEMBASSY BEIRUT 3807

RUDTCR/AMEMBASSY BELFAST 0002

RUEIVC/USINT CAIRO 3039

RHQSHW/AMCONSUL DHAHRAN 0100

RUESQA/AMEMBASSY JIDDA 0492

RUDTC/AMEMBASSY LONDON 1986

RUESHR/AMEMBASSY TEHRAN 0394

BT

C O N F I D E N T I A L TEL AVIV 1105

TEL AVIV 1105
Feb. 10, 1973
0939

SUBJ: MARITIME FRUIT CARRIERS UNDERTAKE MAJOR EXPANSION.

1. ISRAEL-BASED MARITIME FRUIT CARRIERS COMPANY HAS TWICE BEEN IN NEWS THIS WITH ANNOUNCEMENTS MAJOR PURCHASES IN UK. FEBRUARY 1, COMPANY ANNOUNCED ORDER FOR SIX SUPER TANKERS OF 330,000 TON CLASS VALUED AT BRITISH POUNDS 150 MILLION FROM HARLAND AND WOLFF COMPANY OF BELFAST. FEBRUARY 7, PRESS REPORTED FORMAL ANNOUNCEMENT EXPECTED OF ANOTHER ORDER FOR SIX SUPER TANKERS OF 250,000 TON CLASS AND SIX REEFERS OF ABOUT 10,000 TONS EACH FROM SWAN HUNTER, NEWCASTLE. THESE ORDERS FOLLOW ON ORDER IN US FOR THREE SUPER TANKERS OF 380,000 TON CLASS.
2. ALL THESE ORDERS SEEM TO FIT PATTERN OF MARITIME PAST EXPANSION, BEING BASED ON READINESS GOVTS TO EXTEND GENEROUS FINANCING TO KEEP THEIR SHIPYARDS AT WORK.
3. WE ASSUME THAT ORDERS PROBABLY NOT RELATED TO INTEREST IN KEEPING ELIAT-ASHQELON PIPELINE FULL. CAPACITY OF TANKERS ORDERED APPEAR TO BE OVER TWICE AS MUCH AS WOULD BE NEEDED TO FILL PROJECTED 40 MILLION TON PER YEAR CAPACITY OF PIPELINE. NEW TANKERS LIKELY TO BE USED GENERALLY IN OIL CHARTER TRADE UNDER VARIOUS FLAGS BUT WITH CONCENTRATION ON DELIVERY IRANIAN CRUDE PERHAPS TO US.

GDS

ZURHELLEN

B

CONFIDENTIAL

CONFIDENTIAL

ISRAEL

Uriel LUBRANI

Ambassador-Designate
to Iran

Uriel Lubrani
(pronounced LoobrahNEE) has
been on the Koor Industries
Management Board as
director of joint enter-
prises and projects abroad
since mid-1971. This
board determines basic
policy for Koor Industries
Ltd., Israel's largest
industrial corporation.

Early Life and Career

Uriel Lubrani was
born on 7 October 1926 in
Haifa. He graduated from
prestigious Reali High
School in Tel Aviv in 1944. He has a B.A. (honors)
from the University of London. Lubrani served in
the Haganah and the Israeli Defense Forces from
1944 to 1948. He entered the Foreign Ministry in
1950 and served first in the Middle East Division,
and then as private secretary to the late Foreign
Minister Moshe Sharett from 1951 to 1953. He was
in London from 1953 to 1956.

Lubrani was assistant adviser, and then
adviser, on Arab affairs to former Prime Minister
David Ben Gurion during 1957-61. His unsympathetic
attitude toward Arabs at this time drew criticism
from the Israeli press at least twice. Lubrani
was assistant director general of the Prime Minister's
office in 1963 when Levi Eshkol became Prime Minister.
He continued to served under Eshkol as political
secretary and director of his private office. In
1965 Lubrani resigned his post because, in his words,
his loyalties to Ben Gurion prevented his feeling
fully sympathetic to Eshkol.

Lubrani served as Ambassador to Uganda, Rwanda
and Burundi from 1965 to 1968 and to Ethiopia from
1968 to 1971. During his tour in Kampala, Lubrani
implemented Israel's aid program which involved

CENTRAL
REFERENCE SERVICE



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Uriel LUBRANI

ISRAEL

placing advisers with the Ugandan army, air force ,
and police. These contacts made him one of the
best informed men in Uganda and the US Embassy
found him to be a valuable and cooperative friend.

Personal Data

Lubrani and his wife, the former Sara Levi,
have four children: Talia, Osnat, Dorit, and
Nily. Lubrani contracted malaria in Uganda. He
speaks excellent English.

CIA/DDI/CRS
LKoch

22 June 1973

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Israel

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~~ISRAEL~~
BIO

MEMORANDUM OF CONVERSATION

Tehran, December 5, 1973

SUBJECT : Iran: Miscellany

PARTICIPANTS : Areyeh Levin, Counselor, Israeli Mission
Douglas Heck, Minister-Counselor

COPIES TO : AMB NEA/IRN OR
POL Amembassy TEL AVIV

At the suggestion of Ambassador Lubrani, Areyeh Levin, Counselor of the Israeli Mission in Tehran, called on me December 5. He has only recently arrived but said that he and his family are reasonably well settled.

BIOGRAPHIC DATA: Levin was born in Tehran and educated here. He is a graduate of Community School in the days when it was a Presbyterian mission institution and a good number of its students were Jewish. After he went to Israel from Tehran he joined the foreign service, serving in Ethiopia, then as Charge in Ruanda. He has been in Paris for the last four years, which he characterized as a difficult and fascinating period. He is married and has several children. His wife is a musician and is not too happy with Tehran which she feels lacks musical and cultural opportunities. He speaks English well and is about 5' 6".

IMPRESSIONS OF IRAN: Returning to Tehran after a long period, Levin said he was astonished at the changes that had occurred. These included not only all the usual evidences of change in a city like Tehran, with better facilities, bigger buildings, higher standard of living, etc., but more important, he felt, there was evidence of more fundamental changes which suggested that the Shah was indeed successful in moving the country into the 20th century and changing some of its outlook. He mentioned, for example, that although there is much talk of corruption, the situation has actually significantly improved. When he was here before, ministers and key government officials could easily be bought. This is no longer true today and while ministers may have their hand in the till in one way or another, they cannot be bought outright. The system no longer permits this. Another important change is the presence in the government of educated, intelligent and experienced people, well qualified for their jobs. Thirty

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years ago even key officials could be illiterate and totally unequipped to deal with the responsibilities assigned to them. In short, Levin says he is impressed by what he has seen and optimistic about Iran's future.

ACTIVITIES IN TEHRAN: Levin said he has experienced no difficulties or hostility since he has been here. He moves around freely and no one has refused to see him. In this connection he mentioned a recent conversation with an editor with whom he was discussing anti-Israeli sentiment in Tehran during the recent war. The editor told him that pro-Arab support that developed during this period should be interpreted not only as an indication of popular support for the Arabs but also as an expression of opposition to the Shah. There were few ways in Iran that one could demonstrate against the present regime and being pro-Arab is a safe way to express one's self without getting into trouble. Many feel that the Shah does not favor a pro-Arab policy.

DCM:DHack/rw

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Department of State

NIOC-4
TELEGRAM

AMEMBASSY TEHRAN

CONFIDENTIAL

TEL AVIV 1876

Classification

Apr 2, 74 - 10%

ACTION ZNY CCCCC ZZH
ECON-5 R 211239Z APR 74
FM AMEMBASSY TEL AVIV
INFO TO RUEHC/SECSTATE WASHDC 2828
INFO RUEHR/AMEMBASSY TEHRAN 564
RUESRA/AMEMBASSY JIDDA 752
POL-2 BT
POL/1 C O N F I D E N T I A L TEL AVIV 1876
OP-2
SUSIS E.O. 11652: GDS
CRU TAGS: ZNRG, IS, IR
SUBJ: PRICE OF PETROLEUM IMPORTS
POUCH
KHOR REF: TEL AVIV 589
TABR
16/r1b IN DISCUSSION MARCH 28 WITH FINKIN SAPIR AND HIS AIDES
ASMON AND DAVRATH, THEY TOLD EXDOFFS THAT ISRAEL HAD
NEGOTIATED CONTRACT TO BUY IRANIAN CRUDE AT PRICE OF
16.52 DOLLARS PER BARREL. CONTRACT WAS FOR FIRST SIX
MONTHS OF 1974. THEY SAID THEY WERE STILL NEGOTIATING
WITH IRANIANS WITH RESPECT PRICE FOR SECOND HALF OF
YEAR. SAPIR SAID QUANTITY OF IRANIAN OIL INVOLVED
EQUALS ROUGHTLY HALF OF ISRAEL'S NEEDS.
VELIGTES
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C-10

AMEMBASSY TEHRAN

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P R 170907Z JUN 74

Classification

17 JUN 74 TELAVIV 3255
1320

FM AMEMBASSY TEL AVIV

TO RUEHC/SECSTATE WASHC PRIORITY 2763

INFO RUEOR/AMEMBASSY CAIRO 4183

RUESRA/AMEMBASSY JIDDA 822

RUESHR/AMEMBASSY TEHRAN 593

RUESRE/AMEMBASSY BEIRUT 5639

BT

C O N F I D E N T I A L TEL AVIV 3256

E.O. 11652: GDS

TAGS: ENRG, IS, IR

SUBJ: ISRAELI PETROLEUM IMPORTS

REF: TEL AVIV 2556 AND 2557

1. IN CONVERSATION WITH EMBOFFS ON JUNE 11, MOSHE BITAN, MANAGING DIRECTOR OF PAZ OIL COMPANY, STATED THAT HE HAD JUST RETURNED FROM TEHRAN WHERE HE HEADED ISRAELI TEAM NEGOTIATING PURCHASE OF CRUDE OIL. HE SAID THAT AGREEMENT HAD BEEN REACHED FOR 2 MILLION TONS, WHICH WOULD BE IMPORTED OVER SECOND HALF OF 1974, AT PRICE OF "93 PERCENT OF POSTED PRICE, I.E., ABOUT \$11 PER BARREL." HE ADDED THAT GOI IS TRYING TO NEGOTIATE COMPENSATION FROM IRANIANS FOR "OVERCHARGING" FOR 2 MILLION TONS OF CRUDE IMPORTED DURING THE FIRST HALF OF 1974 AT AUCTION PRICE OF \$16.53. BITAN DID NOT SEEM TO THINK THERE WAS MUCH CHANCE IRAN WOULD AGREE TO COMPENSATION, WHICH WOULD REQUIRE POLITICAL DECISION AT HIGHEST LEVELS.

2. BITAN SAID ISRAEL IS CONSIDERING THE POSSIBILITY OF STORING CRUDE OIL UNDERGROUND, AND PLANS TO DISCUSS TECHNICAL PROBLEMS INVOLVED WITH SWEDISH EXPERTS IN THE FIELD. HE SAID THAT AT PRESENT ISRAEL IS ABLE TO MAINTAIN FIVE-MONTH RESERVE OF COMBINED CRUDE AND DISTILLATES.

3. BITAN SAID HE WAS NOT PRIVY TO GOI CONSIDERATIONS OF POSSIBLE DISPOSITION OF ABU RODEIS OIL FIELDS. HE DID SAY THAT ISRAEL REFINING CAPABILITY WOULD NOT BE AFFECTED BY THE LOSS OF SINAI CRUDE. ALTHOUGH THE REFINERY AT ASHDOD HAD BEEN CONFIGURED WITH THE RELATIVELY HEAVY ABU RODEIS OIL IN MIND, A SHIFT TO LIGHTER CRUDE INPUT COULD BE ACCOMMODATED BY SLIGHT ADJUSTMENTS IN THE MIX OF REFINED PRODUCTS.

KEATING

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DEPARTMENT OF STATE TELEGRAM

ISRAEL

ZNY CCCCC ZZH
R 151215Z JAN 75
FM AMEMBASSY BEIRUT
TO RUQMAD/AMEMBASSY TEL AVIV 5511
INFO RUEHC/SECSTATE WASHDC 2324
RUQMKG/AMEMBASSY AMMAN 9735
RUEHEG/AMEMBASSY CAIRO 2211
RUFHRO/AMEMBASSY ROME 2086
RUQMHR/AMEMBASSY TEHRAN 4342
BT
LIMITED OFFICIAL USE BEIRUT 0578

LIMITED OFFICIAL USE
Classification

BEIRUT 0578

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EO 11652: NA ECON 1/14/76
TAGS: PFOR ENRG EG IR IS
SUBJ: SHAH "OFFERS" OIL TO ISRAEL

REF: TEL AVIV 195

1. L'ORRIENT-LE-JOUR ARTICLE CITED REFTEL WAS LENGTHY THINK-PIECE BY EDITOR-IN-CHIEF EDOUARD SAAB ON IRANIAN-EGYPTIAN RELATIONS, SHAH'S "GRANDIOSE" WORLD VIEW, AND IRAN'S POSSIBLE ROLE IN ME. SOURCE OF SAAB'S INFO NOT CLEAR BUT HE MENTIONED SHAH'S INTERVIEW WITH AL AHAM.

2. PENULTIMATE PARAGRAPH REFERS GENERALLY TO AID "PERFUL" IRAN COULD GIVE TO "DEPLETED" EGYPTIAN REGIME, SAYING IRAN COULD EXPECT FREE ZONE AT PORT SAID IN RETURN AND THAT IRANIAN CAPITAL WOULD NOT ONLY ALLAY EGYPTIAN BUDGETARY DIFFICULTIES BUT ALSO INDUCE DEVELOPED WORLD TO CONTRIBUTE TECHNOLOGY. PARA CONTINUES THAT SHAH COULD PLAY POLITICAL ROLE IN ARAB-ISRAELI CONFLICT AS MEDIATOR FOR DISENGAGEMENT OF FORCES IN SINAI.

3. SPECIFIC REFERENCE TO "OFFER" THEN READS: "TEHRAN WOULD UNDERTAKE TO ASSURE PROVISION OF PETROLEUM TO ISRAEL UPON RETREAT OF LATTER FROM TERRITORIES IN SINAI WHERE WELLS OF ABU RUDEISS ARE SITUATED. BUT OPERATION WOULD ONLY BE CONCEIVED IN FRAMEWORK OF OVERALL PEACE PLAN RIGOROUSLY CONFORMING TO SPIRIT AND LETTER OF SC RES 242. FOR CERTAIN WESTERN DIPLOMATIC CIRCLES IN (CAIRO), THIS DEMARCHE BY SHAH WOULD BE OF NATURE TO FAVOR REVIVAL OF KISSINGER MISSION, IN VIEW OF NEW ACCORD FOR SEPARATION OF FORCES."

4. SHORT AL HAWADITH ARTICLE PUBLISHED JAN 10 SAID ITS CAIRO CORRESPONDENT HAD LEARNED THAT SHAH HAD INFORMED ISRAELIS, VIA SECRETARY KISSINGER, THAT IRAN IS "PREPARED COMPENSATE ISRAEL FOR LOSS OF ABU RUDEISS OIL WELLS IF ISRAEL GIVES THEM BACK TO EGYPT." SHAH REPORTEDLY "WOULD PROVIDE SIXTY PERCENT OF ISRAEL'S NEEDS FREE OF CHARGE UNTIL FINAL ARAB-ISRAELI SETTLE-

Classification

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MENT IS ACHIEVED." MAGAZINE, NOTING ITS CORRESPONDENT HAD FILED HIS STORY BEFORE SHAN ACTUALLY ARRIVED IN CAIRO, ADMITTED THIS REPORT WAS "SPECULATION" AND ADDED THAT ITS CORRESPONDENT HAD BEEN ASKED TO VERIFY IT. "THIS SCOOP IS IMPORTANT," CONCLUDED HAWADITH, "BUT IT WILL BE MORE IMPORTANT IF ONE HUNDRED PERCENT TRUE."

5. COMMENT: WHOLE STORY SEEMS TO BE A BIT TOO TENOUS TO BE TAKEN SERIOUSLY AT THIS POINT. (WE NOTE THAT BEIRUT'S PRESTIGIOUS MIDDLE EAST ECONOMIC SURVEY IGNORED IT.) HAWADITH CORRESPONDENT SEEMS TO HAVE ONLY GRASPED STRAW IN WIND, AND SAAB MAY ONLY HAVE BEEN INDULGING IN SUPPOSITION. NEITHER ARTICLE MENTIONS MECHANICS OF HOW IRAN WOULD SUPPLY OIL TO ISRAEL (E.G., DIRECTLY OR INDIRECTLY), NOR DO THEY ELABORATE ON THAT MOST IMPORTANT CONSIDERATION, PRICE. ISRAEL PRESUMABLY NOW GETS ABU RUDEISS CRUSE AT COST. UNLESS POOR MUSLIM COUNTRIES ARE GIVEN DISCOUNT BY IRAN, IT IS DIFFICULT TO IMAGINE LATTER GIVING ISRAEL LESS THAN WORLD PRICE OF DOLS 10-11 PER BARREL. ISRAEL CAN, OF COURSE, GET OIL ANYWHERE AT THAT PRICE, BUT PROBABLY CANNOT AFFORD IT.

6. ON GENERAL SUBJECT OF CURRENT ISRAELI-IRANIAN RELATIONS, WE CALL EMBASSY TEL AVIV'S ATTENTION TO INTERESTING ARTICLE BY DAVID HOUSEGO THAT APPEARED IN JAN 8 ISSUE OF LONDON FINANCIAL TIMES (PAGE 5).

GODLEY

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Files

February 1, 1975

David R. Patterson

Iranian Oil to Israel

Dick Killian, Vice President of Gulf Oil Trading and Development Co., said that his company has a computer model that traces oil movements. They have discussed selling it to DOD and CIA.

This model showed, for first semester 1974, that slightly over 252,000 B/D of Iranian oil was going to Israel. Since then they have had difficulty getting an accurate fix.

ECON:DRPATTERSON:ms

cc: Charge'
RCBREWIN
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CONFIDENTIAL

Handwritten: Israel
Week 4

CONFIDENTIAL LIMDIS

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TO RUEHC/SECSTATE WASHDC 6485
INFO RUQMHR/AMEMBASSY TEHRAN 0721
BT
CONFIDENTIAL TEL AVIV 2596

TEL AVIV 2596

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LIMDIS

E.O. 11652: GDS
TAGS: ENRG, IS, IR
SUBJ: CRUDE OIL IMPORTS FROM IRAN

REF: TEHRAN 2059
FINANCE MINISTRY OFFICIAL HAS CONFIRMED TO EMBASSY
THAT CRUDE OIL PURCHASE FROM IRAN IS CONTINUING AT
LEVEL OF FOUR MILLION TONS PER YEAR. HE SAID THAT PRICE
PAID BY ISRAEL DURING CALENDAR 1975 AVERAGES \$10.35 PER BARREL,
WHICH HE DESCRIBED AS QUOTE INTERNATIONAL PRICE UNQUOTE.
VELIOTES

CONFIDENTIAL LIMDIS

U
R 201358Z MAY 76. (CONFIDENTIAL))
FM AMEMBASSY TEL AVIV
TO RUEHC/SECSTATE WASHDC 1546
INFO RUQMHR/AMEMBASSY TEHRAN 907

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CONFIDENTIAL TEL AVIV 3535

E.O. 11652: GDS
TAGS: ENRG, IS
SUBJECT: ISRAELI OIL AND ENERGY

1. DURING MAY 20 CONVERSATION WITH JOHN LICHTBLAU, DIRECTOR OF PETROLEUM INDUSTRIES RESEARCH FOUNDATION, AND EMBOFF, ISRAELI ENERGY ADVISER ZVI DINSTEN DISCUSSED RECENT DEVELOPMENTS IN ISRAELI OIL/ENERGY PICTURE. MAIN POINTS TO EMERGE FOLLOW (SEE SEPTTEL ON SINAI OIL EXPLORATION).

2. EILAT-ASHKELON PIPELINE: OPENING OF SUEZ CANAL HAS NOT SERIOUSLY AFFECTED PIPELINE OPERATIONS. CURRENT CRUDE THROUGHPUT IS SIX HUNDRED THOUSAND BARRELS PER DAY (60 PERCENT OF CAPACITY), OF WHICH ONE HUNDRED FORTH THOUSAND BPD ARE FOR DOMESTIC CONSUMPTION AND REMAINDER FOR EXPORT. PIPELINE PRICES ARE SET AS PART OF ORIGIN-TO-DESTINATION PACKAGE DEAL, WITH SUPERTANKERS BRINGING CRUDE FROM IRAN TO EILAT, AND SMALLER TANKERS TAKING CRUDE FROM ASHKELON TO DESTINATION. PACKAGE PRICES VARY WITH WORLD SCALE RATINGS FOR TANKERS. ISRAEL IS ABLE TO SHIP IRANIAN OIL TO U.S. ON COMPETITIVE BASIS BECAUSE RETURNING TANKERS ARE BACKHAULING MEXICAN CRUDE FOR ISRAEL.

3. STORAGE: CURRENT PETROLEUM STORES WOULD LAST SEVEN MONTHS UNDER EMERGENCY MEASURES, THREE OR FOUR MONTHS AT CURRENT CONSUMPTION RATE. OF AMOUNTS STORED, FIFTY-FIVE PERCENT ARE REFINED PRODUCTS, THE REST CRUDE. ISRAEL HOPES TO INCREASE PERCENTAGE OF REFINED PRODUCTS TO SIXTY PERCENT OR EVEN TWO-THIRDS. ALTHOUGH ISRAEL HAS EXCESS REFINING CAPACITY, IT MUST BE ASSUMED THAT REFINERIES ARE INSECURE IN WARTIME.

4. ALTERNATE ENERGY SOURCES: BY 1979, ISRAEL PLANS TO HAVE FOUR NEW POWER STATIONS PRODUCING THREE HUNDRED FIFTY MEGAWATTS EACH. THESE WILL BE COAL-FUELED, WITH OPTION TO SWITCH TO OIL, AND WILL PROVIDE FORTH PERCENT OF DOMESTIC POWER NEEDS. (SOUTH AFRICA IS NOW QUOTING ISRAEL UNESCALATED PRICES FOR 1980 COAL SUPPLIES.) BY 1985, A 750-900 MEGAWATT NUCLEAR POWER STATION WILL FURNISH AN ADDITIONAL 25 PERCENT OF DOMESTIC NEEDS.

DUNNIGAN

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Reliable information on the destination of Iranian oil exports is generally difficult to obtain, but this is particularly the case when the destination is Israel. Iranian officials, very conscious of the possibility of needlessly antagonizing their Arab partners in OPEC, will normally not discuss oil exports to Israel.

Nevertheless, information from a variety of sources indicates that at least 75 percent of current Israeli domestic consumption of approximately 150,000 barrels per day is supplied by Iran. Moreover, the only oil that flows through the Trans-Israel Pipeline (Tipline) which runs northward from the Gulf of Agaba to the Mediterranean port of Ashkelon, is from Iran. Tipline was constructed during the late 1960's at a cost of over \$200 million, and its current capacity is 45 million tons/year (about 850,000 barrels/day). During 1976, something on the order of 350,000 barrels per day of Iranian crude oil is thought to have been trans-shipped through Tipline for customers in Europe and beyond.

E/C:RMBash (11/17/76)

CONFIDENTIAL

Tipline

TELEGRAM

1978 JAN 25 PM 1:43

INDICATE
☐ COLLECT
☐ CHARGE TO 00901

E.O. 11652: TAGS: SUBJECT: ACTION:	FROM	AMEMBASSY TEHRAN	CLASSIFICATION	CONFIDENTIAL
	<p>ACTION: SECSTATE WASHDC PRIORITY</p> <p>INFO: AMEMBASSY TEL AVIV AMEMBASSY AMMAN AMEMBASSY CAIRO AMEMBASSY BEIRUT AMEMBASSY LONDON AMEMBASSY MOSCOW AMEMBASSY JIDDA</p> <p>CONFIDENTIAL TEHRAN 00901</p> <p>LIMDIS</p> <p>E.O. 11652: GDS</p> <p>TAGS: ENRG, US, IS</p> <p>SUBJECT: STORY IN ARAB PRESS SERVICE RE IRAN'S CONSIDERING OIL EMBARGO AGAINST ISRAEL</p> <p>1. BBC CORRESPONDENT HAS QUERIED US CONCERNING STORY APPEARING IN BEIRUT-BASED ARAB PRESS SERVICE AND ATTRIBUTED TO "SENIOR GOVERNMENT OFFICIAL IN JORDAN" TO EFFECT THAT IRAN IS SERIOUSLY CONSIDERING OIL EMBARGO AGAINST ISRAEL TO FORCE IT TO MAKE CONCESSIONS AND RESUME PEACE TALKS WITH EGYPT. STORY SAYS IRANIAN MOVE "MAY HAVE BLESSING OF THE UNITED STATES."</p> <p>2. WE HAVE ADVISED BBC TO TREAT STORY WITH CAUTION, AND, ON UNATTRIBUTED BASIS, HAVE TOLD CORRESPONDENT WE HAVE NO RPT NO INDICATIONS IRAN HAS ANY SUCH PLAN. WE HAVE FURTHER SAID</p>			

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LIMDIS

DRAFTED BY:	DRAFTING DATE	TEL. EXT.	CONTENTS AND CLASSIFICATION APPROVED BY:
AMB:WHSullivan:psw	1/25/78		AMB

CONFIDENTIAL/LIMDIS
 CLASSIFICATION

OPTIONAL FORM 10
 (Formerly FS-413)
 January 1975
 Dept. of State

50153-101

THAT REPORT OF "U.S. BLESSING" IS ENTIRELY WITHOUT FOUNDATION.

3. IN DISCUSSING REPORT WITH SENIOR NIOC OFFICIAL JANUARY 25, EMBOFF RECEIVED CURIOUSLY NONCOMMITTAL REACTION, WHICH PROBABLY REFLECTS ABSENCE OF IMPERIAL GUIDANCE, RATHER THAN ANYTHING ELSE.

4. HOWEVER, IT SHOULD BE POINTED OUT THAT SHAH, DURING VISIT OF CODEL ZABLOCKI, ANSWERED QUESTION FROM CONGRESSWOMAN MEYNER ON THIS SUBJECT. SHAH DEFTLY TURNED QUESTION ASIDE BY SAYING THAT HE WOULD HAVE TO CONSULT CLOSELY WITH USG IN ANY MATTERS WHICH MIGHT INVOLVE THE USE OF PRESSURE, SINCE HE WOULD WANT TO BE SURE THAT IRAN'S POLICY WITH RESPECT TO OIL FOR ISRAEL CONFORMED CLOSELY WITH ~~RE~~ U.S. POLICY WITH RESPECT TO ARMS FOR ISRAEL.

5. IT IS POSSIBLE THAT A GARBLED VERSION OF THIS COMMENT MAY HAVE REACHED JORDAN WHERE IT HAS BEEN REFRACTED THROUGH BEDOUIN PRISMS.


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BT
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TAGS: PINR, IS, IR

SUBJECT: BIOGRAPHIC INFORMATION ON NEW ISRAELI CHIEF
OF MISSION IN IRAN, JOSEPH HERMELIN

REF: TEHRAN 8650

1. THE INFORMATION CONTAINED IN PARAGRAPHS 3 AND 4 MAY
NOT BE RELEASED TO FOREIGN NATIONALS. (U)

2. JOSEPH HERMELIN IS A FORMER HEAD OF SHIN BETH, ISRAEL'S
SECURITY SERVICE, SERVING IN THAT POST FROM 1964 TO 1974.
SINCE HIS RETIREMENT FROM SHIN BETH HE HAS WORKED AS
HEAD OF A SUBSIDIARY OF THE MEKOROT CONSTRUCTION AND
DEVELOPMENT COMPANY. (C)

3. BORN APRIL 19, 1922 IN VIENNA, HERMELIN EMIGRATED
TO PALESTINE AT 15. HE SERVED IN THE BRITISH ARMY IN
WORLD WAR II, THEN JOINED THE PRE-INDEPENDENCE JEWISH
UNDERGROUND MOVEMENT PAGANAY. HE WAS A MAJOR IN THE
ISRAELI DEFENSE FORCES DURING THE 1948 ARAB-ISRAELI WAR.
AFTER JOINING SHIN BETH IN 1949, HE WORKED HIS WAY UP
TO DEPUTY CHIEF BY 1959. HE REMAINED IN THAT POST UNTIL
HE WAS APPOINTED CHIEF IN 1964. (S/NOFORN)

4. MARRIED TWICE, HERMELIN HAS AT LEAST FOUR CHILDREN.
HE HAS TRAVELED ABROAD EXTENSIVELY IN CONNECTION WITH
HIS DUTIES AS CHIEF OF SHIN BETH, INCLUDING TRIPS TO
THE UNITED STATES. HE IS CONSIDERED A COMPETENT,
IMPRESSIVE AND MODEST MAN. HE SPEAKS ENGLISH, GERMAN,
FRENCH AND ARABIC. (S/NOFORN)

5. THE DEPARTMENT WOULD APPRECIATE ANY ADDITIONAL
BIOGRAPHIC INFORMATION, INCLUDING PHOTOGRAPHS, THAT
BECOMES AVAILABLE ON HERMELIN DURING HIS ASSIGNMENT IN
IRAN, AS WELL AS EVALUATIVE COMMENTS ON HIS PERFORMANCE.

(LOU) CHRISTOPHER
BT

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7. (C) IT WOULD BE A MISTAKE TO CONCLUDE FROM THE FOREGOING THAT THE PALESTINIANS HAVE FINALLY COORDINATED THEIR TERRORIST OPERATIONS AND HAVE REACHED A DIVISION OF LABOR. SAIGA, PFLP, FATAH'S TLEADS, AND EVEN BLACK JUNE ALL ARE CAPABLE OF INDEPENDENT OPERATIONS AGAINST LIKE TARGETS WITHOUT A PREREQUISITE ESTABLISHMENT OF SOME KIND OF PALESTINIAN FRONTRUNNER. IT IS UNREALISTIC TO IGNORE THE TRUTH OF THE PLO'S USE OF PUBLIC DENIALS AND TERRORISM CONDEMNATIONS AS A MECHANISM SEEKING TO DIVORCE THE UMBRELLA GROUP'S "GOOD NAME" FROM TERRORIST ACTS WHICH ITS MEMBER ELEMENTS PERFORM. THIRDLY, THE LACK OF ANTI-U.S. ACTIONS AND OF INDIVIDUALLY TARGETED OPERATIONS (EXCEPTING THAT AGAINST SUYOUS GHALI) THUS FAR, SHOULD NOT LEAD ANYONE TO ASSUME THERE IS LESS DANGER TO U.S. INTERESTS AND PERSONNEL IN THIS NOW APPARENTLY SOBERING CAMPAIGN. (GDS--4/24/85)

8. (C) LETTER AND PARCEL BOMBS HAVE EXPLODED IN FRANKFURT (DESTINED FOR ISRAEL) AND ON APRIL 19 IN CAIRO'S MAIN POST OFFICE. BOTH CAUSED SEVERE INJURIES, FATAL IN THE CASE OF A FEMALE EGYPTIAN CUSTOMS OFFICIAL. THE LAST MAJOR LETTER BOMB CAMPAIGN WAS A LARGE-SCALE BLACK SEPTEMBER OPERATION DURING 1972 AGAINST ISRAELI OFFICIALS AND JEWISH-OWNED FIRMS. (GDS--4/24/85)

9. (C/M/FOUO/NOCONTRACT/NOCON) PALESTINIAN TERRORIST THREATS HAVE BEEN REPORTED AGAINST U.S. BUSINESS INTERESTS IN EUROPE IN GENERAL AND AGAINST THE U.S. AMBASSADOR IN BEIRUT. THERE HAS BEEN SOME DISCUSSION AMONG ARAB

TERRORISTS OF HITTING PETROLEUM TARGETS, WHICH ALSO HAS A BLACK SEPTEMBER PRECEDENT IN THEIR STORAGE AND REFINERY FACILITY ASSAULTS OF 1971 IN GERMANY AND THE NETHERLANDS. THE MARCH 27 ATTACK AGAINST THE EGYPTIAN AMBASSADOR IN DACCА AND HIS SEVERAL HOURS SPENT AS A HOSTAGE DOES NOT APPEAR TO HAVE BEEN THE WORK OF PALESTINIAN TERRORISTS BELONGING TO A COMPETENT OPERATIONAL GROUP BUT IS LAID TO STUDENTS IN THE BANGLADESH CAPITAL. PALESTINIAN THREAT INDICATIONS INVOLVING SENIOR AMERICAN OFFICIALS IN TWO SOUTH ASIAN CAPITALS HAVE ORIGINATED IN PART FROM HOST NATION CONJECTURE OR HAVE LACKED SUFFICIENT SUBSTANCE FOR ANALYSTS TO GAUGE THEIR POTENTIAL. UPGRADED SECURITY PROCEDURES AND ADDITIONAL RESOURCES HAVE BEEN APPLIED IN BOTH OF THOSE CASES IN THIS PERIOD OF HEIGHTENED CONCERN FOR SECURITY AROUND THE GLOBE. (GDS-2--4/15/85)

10. (C) THE DEPARTMENT REMAINS ALERT TO ANY AND ALL INTELLIGENCE POINTING UP

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2.1.2. Import Controls

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Incoming

NNNNVV ESAC08BRA267
PP RUQHR
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ZNY SSSSS ZZH
P 082154Z MAY 79
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TO RUQMZN/USMISSION SINAI PRIORITY 9041
INFO RUQMBI/AMEMBASSY ABU DHABI PRIORITY 3874
RUFHRS/AMEMBASSY ALGIERS PRIORITY 0704
RUQMGU/AMEMBASSY ANKARA PRIORITY 9080
RUQMAT/AMEMBASSY ATHENS PRIORITY 2181
RUEHAD/USINT BAGHDAD PRIORITY 0948
RUESUZ/AMEMBASSY BRASILIA PRIORITY 7680
RUESBA/AMEMBASSY BUENOS AIRES PRIORITY 4479
RUEHEG/AMEMBASSY CAIRO PRIORITY 9168
RUESRS/AMEMBASSY CARACAS PRIORITY 6058
RUQMOD/AMEMBASSY DOHA PRIORITY 9372
RUEHJM/AMCONSUL JERUSALEM PRIORITY 0869
RUQMKW/AMEMBASSY KUWAIT PRIORITY 7023
RUDIC/AMEMBASSY LONDON PRIORITY 2176
RUFHMD/AMEMBASSY MADRID PRIORITY 8145
RUQMAN/AMEMBASSY MANAMA PRIORITY 4478
RUEHME/AMEMBASSY MEXICO PRIORITY 1235
RUQMDI/AMEMBASSY MOGADISCIO PRIORITY 4634
RUEHMO/AMEMBASSY MOSCOW PRIORITY 2647
RUQMMT/AMEMBASSY MUSCAT PRIORITY 7611
RUQMQG/AMEMBASSY NICOSIA PRIORITY 6454
RUFHOK/AMEMBASSY NOUAKCHOTT PRIORITY 7579
RUFNPS/AMEMBASSY PARIS PRIORITY 2277
RUDKBT/AMEMBASSY RABAT PRIORITY 1547
RUQHR/AMEMBASSY TEHRAN PRIORITY 2229
RUEHTV/AMEMBASSY TEL AVIV PRIORITY 3073
RUQMTI/AMEMBASSY TRIPOLI PRIORITY 8637
RUDKKR/AMEMBASSY TUNIS PRIORITY 3024
RUQMNS/AMEMBASSY SANA PRIORITY 3635
RUEHDT/USMISSION USUN NEW YORK PRIORITY 0302
RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2102
BT

SECRET SECTION 01 OF 04 STATE 116788/01

E.O. 12065 GDS 5/8/85 (GRIFFIN, PHILIP J.)

TAGS: EG, IS, PINK

SUBJECT: INTSUM 006 - MAY 6, 1979

LONDON FOR CLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

WARNING NOTICE SENSITIVE SOURCES AND METHODS INVOLVED
NOT RELEASABLE TO FOREIGN NATIONALS

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1. (C) SAAD HADDAD'S DECLARATION OF "FREE LEBANON" IN HIS SOUTHERN ENCLAVE, THE INTEREST OF OTHER RIGHTWING GROUPS IN PARTITION, AND ISRAEL'S STATED INTENTION TO STRIKE AT WILL AT PALESTINIAN AND OTHER TARGETS IN LEBANON HAVE SET IN MOTION A CHAIN OF EVENTS THAT IS LIKELY TO LEAD TO GREATER VIOLENCE IN LEBANON.

2. (C) SINCE HADDAD'S DECLARATION, THE CHAMOUN AND GEMAYEL CLANS SEEM TO HAVE INTENSIFIED THEIR COMPETITION FOR THE SUPPORT OF THE CHRISTIAN HARDLINERS. CAMILLE CHAMOUN'S INITIAL ENDORSEMENT OF HADDAD'S ACTION HAS BEEN UNDERLINED BY THE THREAT OF CHAMOUN'S SON DORY TO SEPARATE THE CHRISTIAN HEARTLAND FROM THE REST OF THE COUNTRY. SPEAKING TO HIS PARTY'S PUBLICATION, THE YOUNGER

CHAMOUN SAID THAT CHRISTIANS COULD NO LONGER TOLERATE "THE LAW OF THE JUNGLE" IN LEBANON. DORY CHAMOUN SAID THAT HIS PARTY WOULD PREFER TO COOPERATE WITH THE GOVERNMENT "BUT SHOULD THIS PROVE TO BE IMPOSSIBLE THEN IMPOSING OUR OWN AUTHORITY BECOMES INEVITABLE.... SHOULD THE ABSENCE OF THE LEGITIMATE AUTHORITIES CONTINUE THE DAY WILL COME WHEN WE WILL PREPARE AND PROCLAIM OUR OWN ORGANS." HE ADDED THAT NATIONAL RECONCILIATION COULD BE ACHIEVED ONLY AFTER SYRIAN TROOPS LEAVE THE COUNTRY. SUCH STATEMENTS INCREASE THE CHANCES FOR CLASHES BETWEEN THE MILITIAS ON ONE HAND, AND THE SYRIANS AND THE NASCENT LEBANESE ARMY ON THE OTHER.

3. (C) THE CONTINUING ISRAELI RAIDS ON LEBANON -- THREE ON SUNDAY AND MONDAY -- HAVE GREATLY EMBARRASSED THE LEBANESE GOVERNMENT AND THE SYRIANS. ON MAY 6, THE ISRAELIS BROKE A UNIFIL-INSTITUTED CEASEFIRE, IN EFFECT SINCE APRIL 26, BY MOUNTING AIR RAIDS ON THE NAHR AL-BARID CAMP AND ITS ENVIRONS NORTH OF TRIPOLI.

(A) EMBASSY BEIRUT REPORTS THAT, ACCORDING TO ALL LEBANESE SOURCES, THE ISRAELI PLANES STRUCK THE LEBANESE VILLAGE OF AL-KUHAMKARAH, 2 KM. FROM THE CAMP. AP REPORTS THAT OF 100 GUESTS AT A WEDDING PARTY, SIX WERE KILLED (FIVE FROM ONE FAMILY INCLUDING AN INFANT) AND ANOTHER 30 WOUNDED.

(B) A RIGHTWING LEBANESE RADIO STATION REPORTED THAT ISRAELI PLANES RAIDED A PALESTINIAN POSITION AT JAL AL-BARR JUST NORTH OF TYRE. ACCORDING TO THE REPORT, 11 PERSONS, MOSTLY LEBANESE, WERE KILLED.

(C) ON MAY 7 THE IDF ANNOUNCED A RAID ON THE LEBANESE VILLAGE OF AL-RAYHAN 11 KM. NORTH OF THE ISRAELI BORDER VILLAGE OF METULLA.

(D) AN ISRAELI SOURCE TOLD OUR DEFENSE ATTACHE THAT THE PLANES DESTROYED PALESTINIAN GUN EMPLACEMENTS, ALTHOUGH HE ADMITTED THAT THE PALESTINIANS HAD NOT BEEN FIRING RECENTLY ON THE ISRAELIS OR HADDAD'S ENCLAVES.

4. (C) ACCORDING TO UNRWA OFFICIALS, MOST OF THE

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TO RUQMZN/USMISSION SINAI PRIORITY 9042

INFO RUQMBI/AMEMBASSY ABU DHABI PRIORITY 3875

RUFHRS/AMEMBASSY ALGIERS PRIORITY 0705

RUQMGU/AMEMBASSY ANKARA PRIORITY 9081

RUQMAT/AMEMBASSY ATHENS PRIORITY 2182

RUEHAD/USINT BAGHDAD PRIORITY 0949

RUESUZ/AMEMBASSY BRASILIA PRIORITY 7681

RUESBA/AMEMBASSY BUENOS AIRES PRIORITY 4480

RUEHEG/AMEMBASSY CAIRO PRIORITY 9169

RUESRS/AMEMBASSY CARACAS PRIORITY 6059

RUQMOD/AMEMBASSY DOHA PRIORITY 9373

RUEHJM/AMCONSUL JERUSALEM PRIORITY 0870

RUQMKW/AMEMBASSY KUWAIT PRIORITY 7024

RUDTC/AMEMBASSY LONDON PRIORITY 2177

RUFHMD/AMEMBASSY MADRID PRIORITY 8146

RUQMAM/AMEMBASSY MANAMA PRIORITY 4479

RUEHME/AMEMBASSY MEXICO PRIORITY 1236

RUQMDI/AMEMBASSY MOGADISCIO PRIORITY 4635

RUEHMO/AMEMBASSY MOSCOW PRIORITY 0648

RUQMMT/AMEMBASSY MUSCAT PRIORITY 7812

RUQMGG/AMEMBASSY NICOSIA PRIORITY 6455

RUFHOK/AMEMBASSY NOUAKCHOTT PRIORITY 7580

RUFNPS/AMEMBASSY PARIS PRIORITY 2278

RUDKBT/AMEMBASSY RABAT PRIORITY 1548

RUQMHR/AMEMBASSY TEHRAN PRIORITY 2230

RUEHTV/AMEMBASSY TEL AVIV PRIORITY 3074

RUQMTI/AMEMBASSY TRIPOLI PRIORITY 8638

RUDKKR/AMEMBASSY TUNIS PRIORITY 3025

RUQMNS/AMEMBASSY SANA PRIORITY 3636

RUEHDT/USMISSION USUN NEW YORK PRIORITY 0303

RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2103

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S E C R E T SECTION 02 OF 04 STATE 116788/02

PALESTINIANS RESIDING IN THE LARGE REFUGEE CAMPS AROUND TYRE IN SOUTHERN LEBANON HAVE BEEN FORCED TO GO ELSEWHERE AS THE RESULT OF THE ISRAELI BOMBARDMENT OF THE AREA. IN ONE LARGE CAMP ONLY TEN FAMILIES REMAIN WHILE IN THE OTHER TWO 5 AND 20 PERCENT REMAIN. MOST OF THOSE DISPLACED HAVE CROWDED INTO SIDON FARTHER NORTH. THEY OCCUPY SCHOOLS, WAREHOUSES AND ANY OTHER EMPTY BUILDING THEY CAN FIND. THEY HAVE BEEN JOINED BY SOME 7,000 ADDITIONAL PALESTINIANS FROM THE NABATIYAH AREA. THE PLO TRIES TO PRESSURE REFUGEES INTO RETURNING TO THEIR CAMPS AS SOON AS POSSIBLE AND THUS DISCOURAGES UNRWA FROM PROVIDING SOME EMERGENCY SERVICES TO THE NEWLY DISPLACED IN SIDON. THE PALESTINIANS ARE RELUCTANT TO RETURN, ;OWEVER; THEIR CAMPS ARE REPEATEDLY SHELLLED.

. (C) THE EGYPTIAN MEDIA ARE TAUNTING ASSAD FOR HIS INACTION AND ACCUSING HIM OF COLLUDING IN THE DESTRUCTION OF THE PALESTINIANS IN LEBANON. ASSAD, FOR HIS PART, HAS LONG TRIED TO AVOID A DIRECT CLASH WITH THE ISRAELIS. HOWEVER, THE SITUATION IS EMBARRASSING TO HIM, AND PRESSURES FOR A SYRIAN RESPONSE ARE LIKELY TO MOUNT IF THE ISRAELI RAIDS CONTINUE.

. (U) ACCORDING TO PRIME MINISTER BEGIN, ISRAEL WILL CONTINUE TO STRIKE AT PALESTINIAN TARGETS IN LEBANON. IN A MAJOR SPEECH ON LEBANON AND THE PALESTINIANS TO THE KNESSET ON MAY 7, BEGIN SAID, "WE WILL STRIKE BACK AT THESE MURDERERS WHEREVER POSSIBLE, ANY PLACE, WITH ALL OUR MIGHT..... WE WILL STRIKE THEM TO DEMOLISH THEM, WE WILL SCATTER THEM AND DRIVE THEM AWAY, THESE ENEMIES OF MANKIND COMMANDED BY THE PALESTINIAN IDI AMIN, YASER RAFAT." HE ALSO CALLED ON SYRIA TO REMOVE ITS FORCES FROM LEBANON AND FOR PRESIDENT SARKIS TO MEET WITH HIM TO SIGN A PEACE TREATY, SAYING THAT ISRAEL HAD NO TERRITORIAL CLAIMS ON LEBANON. BEGIN CONTINUED TO OFFER SUPPORT FOR HADDAD, CALLING HIM A "LEBANESE PATRIOT."

. (C) IN OTHER DEVELOPMENTS THREATENING TO REIGNITE MAJOR FIGHTING IN LEBANON:

(A) BLOODLETTING BETWEEN PHALANGISTS AND FRANJIEH'S SUPPORTERS IN NORTH LEBANON IS CAUSING FURTHER POPULATION TRANSFERS AND IS CUTTING OFF THE SHIPMENT OF FUEL FROM TRIPOLI'S REFINERY TO BEIRUT. THREE FRANJIEH SUPPORTERS NEAR TRIPOLI WERE FOUND DEAD ALONG THE BEIRUT-TRIPOLI ROAD NEAR A STRETCH WHERE THE PHALANGISTS MAINTAIN ROADBLOCKS. FUEL TRUCK DRIVERS ARE REFUSING TO TRAVEL TO BEIRUT. A NUMBER OF PERSONS FROM THE JIBAIL AREA (BYBLOS), A TRADITIONAL STRONGHOLD OF RAYMOND EDDE, HAVE FLED NORTHWARD.

(B) SYRIAN TROOPS REPORTEDLY USED HEAVY WEAPONS AGAIN ON SUNDAY IN RESPONDING TO SNIPER FIRE IN VARIOUS AREAS OF BEIRUT. THE SYRIANS, HOWEVER, CONTINUE TO SHOW INTEREST IN REDUCING THEIR PRESENCE IN THE BEIRUT AREA. THE FORTHCOMING SARKIS-ASSAD MEETING MAY CLARIFY THE ISSUE.

(C) AN ARMED PALESTINIAN WAS TAKEN BY LEBANESE SOLDIERS FROM A BUS ON SUNDAY. THE INCIDENT RESULTED IN A BRIEF BUT VIOLENT CLASH BETWEEN PALESTINIANS AND LEBANESE ARMY TROOPS IN THE BAALBEK AREA. SYRIAN FORCES REPORTEDLY INTERVENED TO STOP THE FIGHTING.

3. (U) ISRAEL: JERUSALEM WAS ONE OF THE TOPICS OF BEGIN'S MAY 7 SPEECH BEFORE THE KNESSET. EMBASSY TEL AVIV REPORTS THAT THE PRIME MINISTER SAID: "THERE IS NO NEED TO LIBERATE JERUSALEM. IT HAS ALREADY BEEN LIBERATED." BEGIN REFERRED TO AN EGYPTIAN DOCUMENT PRESENTED TO WILHELM REAGAN REGARDING THE RESTORATION OF "ARAB JERUSALEM TO ARAB SOVEREIGNTY" AND SAID HE HAD INSTRUCTED AMBASSADOR BUNN TO REPLY THAT:

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 PP RUQMHR
 DE RUEHC #6788/03 1291006
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 P 082154Z MAY 79
 FM SECSTATE WASHDC
 TO RUQMZN/USMISSION SINAI PRIORITY 9043
 INFO RUQMBI/AMEMBASSY ABU DHABI PRIORITY 3676
 RUFHRS/AMEMBASSY ALGIERS PRIORITY 0706
 RUQMGU/AMEMBASSY ANKARA PRIORITY 9082
 RUQMAT/AMEMBASSY ATHENS PRIORITY 2183
 RUEHAD/USINT BAGHDAD PRIORITY 0950
 RUESUZ/AMEMBASSY BRASILIA PRIORITY 7682
 RUESBA/AMEMBASSY BUENOS AIRES PRIORITY 4481
 RUEHEG/AMEMBASSY CAIRO PRIORITY 9170
 RUESRS/AMEMBASSY CARACAS PRIORITY 6060
 RUQMOD/AMEMBASSY DOHA PRIORITY 9374
 RUEHJM/AMCONSUL JERUSALEM PRIORITY 0571
 RUQMKW/AMEMBASSY KUWAIT PRIORITY 7025
 RUDIC/AMEMBASSY LONDON PRIORITY 2178
 RUFHMD/AMEMBASSY MADRID PRIORITY 8147
 RUQMAM/AMEMBASSY MANAMA PRIORITY 4480
 RUEHME/AMEMBASSY MEXICO PRIORITY 1237
 RUQMDI/AMEMBASSY MOGADISCIO PRIORITY 4636
 RUEHMO/AMEMBASSY MOSCOW PRIORITY 0649
 RUQMTT/AMEMBASSY MUSCAT PRIORITY 7813
 RUQMQG/AMEMBASSY NICOSIA PRIORITY 6456
 RUFHOK/AMEMBASSY NOUAKCHOTT PRIORITY 7581
 RUFNPS/AMEMBASSY PARIS PRIORITY 2279
 RUDKBT/AMEMBASSY RABAT PRIORITY 1549
 RUQYHR/AMEMBASSY TEHRAN PRIORITY 2231
 RUEHTV/AMEMBASSY TEL AVIV PRIORITY 3075
 RUQMTI/AMEMBASSY TRIPOLI PRIORITY 8639
 RUDKKR/AMEMBASSY TUNIS PRIORITY 3026
 RUQYNS/AMEMBASSY SANA PRIORITY 3637
 RUEHDT/USMISSION USUN NEW YORK PRIORITY 0304
 RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2104
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 S E C R E T SECTION 03 OF 04 STATE 116788/23

9 MAY 79 11 01Z

(A) JERUSALEM IS AND WILL REMAIN FOREVER ONE INDIVISIBLE CITY, THE ETERNAL CAPITAL OF ISRAEL.

(B) JEWS, CHRISTIANS AND MUSLIMS WILL BE ASSURED FREE ACCESS TO THEIR HOLY PLACES UNDER ISRAELI JURISDICTION; ACCESS TO THEIR HOLY PLACES UNDER ISRAELI JURISDICTION; SUCH ACCESS HAVING BEEN DENIED TO JEWS UNDER 19 YEARS OF JORDANIAN "OCCUPATION."

9. (U) ON MAY 7 THE ISRAELI MEDIA CONCENTRATED ON AUTONOMY AND RELATED ISSUES. TWO PAPERS REPORT THAT AMBASSADOR STRAUSS' DECISION TO ACCELERATE HIS SCHEDULE IS BECAUSE PRESIDENT CARTER WANTS TO EASE HOSTILE ARAB REACTION TO THE TREATY. SEVERAL PAPERS REPORT AGREEMENT ON THE COMPOSITION OF THE STRAUSS DELEGATION AFTER AN EARLIER DISPUTE WITHIN THE ADMINISTRATION. THE JERUSALEM POST RESENTS "BEGIN'S INSISTENCE ON PUBLICLY REITERATING

THE DETAILS OF HIS CONCEPT OF AUTONOMY...OUT OF CONSIDERATIONS OF A DOMESTIC POLITICAL NATURE."

10. (U) THE ISRAELI PAPER YEDIOT AHARANOT PUBLISHED THE NAMES OF 65 ARAB GUERRILLAS RELEASED TWO MONTHS AGO IN AN EXCHANGE FOR AN ISRAELI SOLDIER. THE ISRAELI PRESS SPECULATED THAT THE PUBLICATION OF THE NAMES WOULD LIKELY CAUSE TROUBLE FOR THE BEGIN GOVERNMENT BECAUSE OF THE INVOLVEMENT OF SOME OF THE GUERRILLAS IN CERTAIN INCIDENTS SUCH AS HIJACKINGS.

11. (U) IN THE MOST RECENT GIVE AND TAKE ON WHAT AUTONOMY REALLY MEANS, AN ISRAELI GOVERNMENT SPOKESMAN SAID THERE IS NO BASIS TO THE EGYPTIAN STATEMENT THAT THE PEACE AGREEMENT REQUIRES TOTAL ISRAELI WITHDRAWAL FROM OCCUPIED ARAB TERRITORIES. "FURTHERMORE," THE SPOKESMAN SAID, "THE ACCORDS WITH EGYPT PROVIDED THAT THE ISRAELI DEFENSE FORCES WILL REMAIN AT AGREED POINTS AFTER PULLING BACK FROM THEIR PRESENT POSITIONS IN SAMARIA, JUDEA AND GAZA."

12. (C) EGYPT-ARAB STATES: AN AMMAN NEWSPAPER REPORTED ON MAY 7 THAT SAUDI ARABIA AND KUWAIT HAVE NOTIFIED THE EGYPTIAN GOVERNMENT OF THEIR DESIRE TO WITHDRAW CREDITS TOTALLING DOLS 2 BILLION FROM EGYPT'S CENTRAL BANK. WE HAVE NO CONFIRMATION OF THIS REPORT. IF IT IS TRUE IT POSES A SERIOUS DILEMMA TO SADAT. LOSS OF THE MONEY WOULD PRESENT AN IMMEDIATE FINANCIAL STRAIN ON EGYPT. IF EGYPT WERE TO FREEZE THE ACCOUNTS AND HOLD THE MONEY, IT WOULD DAMAGE ITS REPUTATION AMONG POTENTIAL INVESTORS. FURTHERMORE, SAUDI ARABIA AND KUWAIT MIGHT BE PROMPTED TO USE THEIR CONSIDERABLE CLOUT IN THE INTERNATIONAL FINANCIAL COMMUNITY TO DISSUADE FINANCIAL INSTITUTIONS FROM DEALING WITH EGYPT UNTIL THE MONEY IS RELEASED. MEANWHILE, AFP REPORTED FROM BEIRUT THAT SAUDI ARABIA, QATAR AND THE UNITED ARAB EMIRATES HAVE DECIDED TO DISSOLVE THE ARAB INDUSTRIES ORGANIZATION. THE REPORT IS SO FAR UNCONFIRMED BUT IF TRUE, IT REPRESENTS ANOTHER ECONOMIC LOSS FOR EGYPT BECAUSE THE ORGANIZATION'S ARMS MANUFACTURING ACTIVITIES WERE TO HAVE BEEN BASED THERE.

13. (C/NF) A US PETROLEUM EXECUTIVE REPORTS THAT ON MAY 2 THE GOVERNMENT OF KUWAIT NOTIFIED AN OIL COMPANY THAT IT WOULD NOT BE ALLOWED TO SHIP KUWAITI CRUDE TO EGYPT. THE KUWAITIS SAID VIOLATION OF THIS PROHIBITION COULD COST THE COMPANY ITS TOTAL SUPPLY OF KUWAITI CRUDE. KUWAIT DID, HOWEVER, ALLOW THE COMPANY TO MOVE CRUDE THROUGH THE SUMED PIPELINE OR THROUGH THE SUEZ CANAL. THE COMPANY HAS ALSO RECEIVED UNOFFICIAL NOTIFICATION FROM IRAQ BANNING THE SHIPMENT OF CRUDE TO EGYPT OR

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TO RUQNZN/USMISSION SINAI PRIORITY 9044 MAY 79 11 01Z
INFO RUQMBI/AMEMBASSY ABU DHABI PRIORITY 3877
RUFHRS/AMEMBASSY ALGIERS PRIORITY 0707
RUQNGU/AMEMBASSY ANKARA PRIORITY 9083
RUQMAT/AMEMBASSY ATHENS PRIORITY 2184
RUEHAD/USINT BAGHDAD PRIORITY 0951
RUESUZ/AMEMBASSY BRASILIA PRIORITY 7683
RUESBA/AMEMBASSY BUENOS AIRES PRIORITY 4482
RUEHEG/AMEMBASSY CAIRO PRIORITY 9171
RUESRS/AMEMBASSY CARACAS PRIORITY 6261
RUQMOD/AMEMBASSY DOHA PRIORITY 9375
RUEHJM/AMCONSUL JERUSALEM PRIORITY 0872
RUQMKW/AMEMBASSY KUWAIT PRIORITY 7026
RUDTC/AMEMBASSY LONDON PRIORITY 2179
RUFHMD/AMEMBASSY MADRID PRIORITY 8148
RUQMAM/AMEMBASSY MANAMA PRIORITY 4481
RUEHME/AMEMBASSY MEXICO PRIORITY 1238
RUQMDI/AMEMBASSY MOGADISCIO PRIORITY 4637
RUEHMO/AMEMBASSY MOSCOW PRIORITY 0650
RUQMMT/AMEMBASSY MUSCAT PRIORITY 7814
RUQMQG/AMEMBASSY NICOSIA PRIORITY 6457
RUFHOK/AMEMBASSY NOUAKCHOTT PRIORITY 7582
RUFNPS/AMEMBASSY PARIS PRIORITY 2280
RUDKBT/AMEMBASSY RABAT PRIORITY 1552
RUQMRH/AMEMBASSY TEHRAN PRIORITY 2232
RUEHTV/AMEMBASSY TEL AVIV PRIORITY 3076
RUQMTI/AMEMBASSY TRIPOLI PRIORITY 8640
RUDKKR/AMEMBASSY TUNIS PRIORITY 3027
RUQMNS/AMEMBASSY SANA PRIORITY 3638
RUEHDT/USMISSION USUN NEW YORK PRIORITY 0305
RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2105

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S E C R E T FINAL SECTION OF 04 STATE 116738/04

THROUGH THE SUMED PIPELINE AND THE SUEZ CANAL. THE BAN ON CRUDE OIL SHIPMENTS TO EGYPT IS HARMLESS SINCE EGYPT IS ITSELF A NET EXPORTER OF CRUDE. IT DOES IMPORT SOME REFINED PRODUCTS BUT AN EGYPTIAN SPOKESMAN SAID ON MAY 6 THAT MOST OF THESE COME FROM EUROPE. SHOULD ARAB STATES BAN THEIR PRODUCTS FROM THE SUMED PIPELINE OR THE CANAL, HOWEVER, EGYPT WOULD BE HURT BY THE LOSS OF REVENUES.

14. (U) EMBASSY PARIS REPORTS THAT THE ARAB LEAGUE HAS SENT A LETTER TO THE PRESIDENTS OF UNESCO'S REGIONAL GROUPS ASKING THAT THE REGIONAL INSTITUTIONS OF THE UN AND ITS SPECIALIZED AGENCIES WHICH CONCERN THE ARAB STATES BE WITHDRAWN FROM CAIRO. THE LETTER REFERS TO THE BAGHDAD RESOLUTIONS WHICH CALL FOR SUCH A WITHDRAWAL.

15. (S) IRAQ: A SECOND COMMUNIST MINISTER HAS BEEN FIRED FROM THE IRAQI CABINET. THE TRANSPORT MINISTER WAS FIRED OVER THE WEEKEND, CLOSELY FOLLOWING THE FIRING OF THE MINISTER OF STATE LAST WEEK. THE TRANSPORT MINISTER WAS THE LAST COMMUNIST MINISTER IN THE GOVERNMENT. USINT BAGHDAD REPORTS THAT HE WAS A DURABLE SYMBOL OF THE FORMER BAAATHIST/COMMUNIST ALLIANCE AND THE CLOSE TIES BETWEEN IRAQ AND THE USSR. USINT BELIEVES HIS FIRING CALLS INTO QUESTION THE CLAIMS OF REGIME SPOKESMAN THAT THE CURRENT FEUD WITH LOCAL COMMUNISTS WILL NOT HURT TIES BETWEEN MOSCOW AND BAGHDAD.

16. (S) YEMEN ARAB REPUBLIC: ACCORDING TO AN ADVISOR TO YAR PRESIDENT SALIH, THE YAR IS CONSIDERING THE COMMERCIAL PURCHASE OF TANKS FROM POLAND. THE ADVISOR SAID THE YAR ARMY COULD QUICKLY INTEGRATE THE SOVIET-MADE TANKS INTO ITS UNITS RATHER THAN WAITING TO LEARN HOW TO USE THE NEWLY ARRIVED US EQUIPMENT. THE YAR PURCHASED 52 TANKS FROM POLAND IN LATE 1978. THE EMBASSY COMMENTS THAT A NEW PURCHASE WILL FURTHER UNSETTLE THE SAUDIS AND RAISE SUSPICIONS ABOUT SALIH'S ULTIMATE AIMS. THE ADDITION OF THESE TANKS WOULD ALSO PROLONG THE STAY OF SOVIET ADVISORS IN THE YAR, IF INDEED SALIH EVER INTENDS TO PHASE THEM OUT.

17. (C) USSR-OMAN: THE SOVIET PRESS HAD HINTED IN RECENT WEEKS THAT THE DHOFAR REBELLION IN OMAN MAY BE REKINDLED. SINCE JANUARY, SOVIET COMMENTARY HAS POINTED TO OMAN AS A POTENTIAL HOT-SPOT IN THE MIDDLE EAST. ON APRIL 29, A POPULAR FRONT FOR THE LIBERATION OF OMAN DELEGATION LEFT MOSCOW AFTER A FIVE DAY VISIT ON INVITATION OF THE SOVIET AFRO-ASIAN SOLIDARITY COMMITTEE. ALTHOUGH SULTAN QABUS OF OMAN HAS LONG BEEN THE TARGET OF SOVIET CRITICISM, HIS STAND ON THE EGYPTIAN-ISRAELI TREATY AND HIS SUPPORT FOR EGYPT IS PROBABLY BEHIND THE RECENT SOVIET PROPAGANDA FLURRY. VANCE

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TO INTSUM COLLECTIVE PRIORITY

INFO RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2363

RUEKJCS/DOD/ISA PRIORITY

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SECRET SECTION 01 OF 03 STATE 165654/01

E.O. 12065 GDS 6/26/85 (GRIFFIN, PHILIP J.)

TAGS: EG, IS, PINR

SUBJECT: INTSUM 840 - JUNE 26, 1979

LONDON FOR GLASPIE

PARIS FOR NICHOLAS MURPHY

DOD/ISA FOR RANSOM

OTHER ADDRESSEES FOR CHIEFS OF MISSION

WARNING NOTICE SENSITIVE SOURCES AND METHODS INVOLVED
NOT RELEASABLE TO FOREIGN NATIONALS

1. (S) A RECENT CIA ANALYSIS CONCLUDES THAT ISRAEL'S SOARING INFLATION RATE, RUNNING IN EXCESS OF 70 PERCENT ANNUALLY, IS THE MOST SERIOUS DOMESTIC ISSUE FACING PRIME MINISTER BEGIN. DEBATES OVER ECONOMIC STRATEGY HAVE BECOME A MAJOR SOURCE OF DISSENSION WITHIN BEGIN'S DOMINANT LIKUD BLOC; THE LIBERAL WING, WHICH HAS CHARGE OF MOST ECONOMIC POSTS, IS PITTED AGAINST BEGIN'S HERUT CONTINGENT AND THE SMALL LAAM PARTY. BEGIN HAS FELT COMPELLED TO SHORE UP THE POSITION OF FINANCE MINISTER AND LIBERAL LEADER EHRLICH, THE MAIN TARGET OF PUBLIC CRITICISM, TO ASSURE LIBERAL BACKING FOR A HARDLINE POSITION ON PEACE NEGOTIATIONS.

2. (C) ISRAEL'S INFLATION RATE, HIGH SINCE THE 1973 ARAB-ISRAELI WAR, HAS WORSENERED DRAMATICALLY IN RECENT MONTHS AND SEEMS HEADED TOWARD TRIPLE DIGIT RATES. THE CONSUMER PRICE INDEX INCREASED NEARLY 9 PERCENT IN APRIL-- THE LARGEST MONTHLY RISE SINCE 1952--AND HAS RISEN MORE THAN 29 PERCENT SO FAR THIS YEAR.

(PARAGRAPHS 3-11 SECRET)

3. THE ISRAELIS FEAR THAT THE CURRENT RATE OF INFLATION WILL OUTSTRIP THE CUSHIONING EFFECT OF COST-OF-LIVING INCREASES AND VARIOUS TYPES OF GOVERNMENT SUBSIDIES. MANY, MOREOVER, ARE AWARE THAT ANY ECONOMIC DIVIDEND RESULTING FROM THE PEACE TREATY WITH EGYPT WILL BE WATERED DOWN IN THE SHORT RUN BY STILL GREATER INFLATIONARY PRESSURES CERTAIN TO BE GENERATED BY THE ISRAELI MILITARY WITHDRAWAL FROM THE SINAI TO THE NEGEV AND BY THE RELOCATION AND COMPENSATION OF ISRAEL'S SEVERAL THOUSAND SINAI SETTLERS.

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4. THE LATEST INFLATION FIGURES ALARMED THE PUBLIC AND PROVOKED A RESURGENCE OF CALLS FOR EHRLICH'S RESIGNATION. HIS POPULARITY HAS PLUMMETED TO UNDER 10 PERCENT IN MANY PUBLIC OPINION POLLS THIS YEAR. THE PUBLIC'S DISSATISFACTION WITH EHRLICH COMPOUNDS LONGSTANDING DIFFERENCES BETWEEN HIS LIBERALS AND BEGIN'S HERUT SUPPORTERS. THESE DIFFERENCES STEM BASICALLY FROM THE DETERMINATION OF BOTH PARTIES TO SAFEGUARD THE ECONOMIC INTERESTS OF THEIR QUITE DIFFERENT VOTER CONSTITUENCIES.

5. HERUT ECONOMIC ACTIVISTS TAKE A RATHER NONDOCTRINAIRE, POPULIST APPROACH TO THE ECONOMY. THEY ADVOCATE SPECIAL MEASURES TO HELP DISADVANTAGED, WORKING-CLASS SEPHARDIC ISRAELIS, HERUT'S SINGLE LARGEST CONSTITUENCY. HERUT MEMBERS HAVE REPEATEDLY FAULTED EHRLICH FOR FAILING TO SECURE GREATER WAGE INCREASES AND IMPROVEMENTS IN WORKING CONDITIONS FOR THE SEPHARDIC COMMUNITY. EHRLICH'S HERUT CRITICS WANT THE PRIME MINISTER TO TAKE A GREATER PERSONAL INTEREST IN ECONOMIC MATTERS AND TO CONSTRAIN EHRLICH'S DECISIONMAKING PREROGATIVES.

6. EHRLICH'S LOSS OF VOTER CONFIDENCE AND THE SNIPING AT HIS LEADERSHIP WITHIN LIKUD HAVE SPARKED A CHALLENGE, LED BY ENERGY AND COMMUNICATIONS MINISTER MODAI, FOR CONTROL OF HIS LIBERAL PARTY. EHRLICH'S LIBERAL OPPONENTS CLAIM THAT HE HAS FAILED TO PROTECT ADEQUATELY THE ECONOMIC INTEREST OF THE PARTY'S MIDDLE-CLASS SUPPORTERS.

7. MANY IN THE SMALL, CONSERVATIVE LAAM CONTINGENT OF LIKUD, LED BY FORMER INDUSTRY MINISTER HURVITZ, ALSO OPPOSE EHRLICH'S POLICIES. THEY DEMAND A SMALLER AND BETTER-MANAGED BUDGET AND A CLEARER BREAK WITH THE SOCIALIST ECONOMIC PRACTICES OF LABOR-LED GOVERNMENTS OF THE PAST.

8. DIFFERENCES OVER ECONOMIC ISSUES HAVE NOT REACHED THE POINT OF THREATENING THE STABILITY OF THE HERUT-LIBERAL PARTNERSHIP. LEADERS OF BOTH PARTIES REALIZE THEY NEED EACH OTHER TO HOLD POWER; THE LIBERALS HAVE NO REALISTIC ALTERNATIVE AT PRESENT TO THEIR ALLIANCE WITH HERUT.

9. BARRING A SERIOUS CRISIS OF PUBLIC CONFIDENCE THAT THREATENED TO BRING DOWN THE GOVERNMENT, THE OTHER COALITION PARTNERS PROBABLY WILL CONTINUE TO FOLLOW LIKUD'S LEAD ON THE ECONOMY. THE NATIONAL RELIGIOUS PARTY, BEGIN'S MAJOR COALITION ALLY, IS PREOCCUPIED WITH ASSURING CONTINUED ISRAELI CONTROL OVER THE "BIBLICAL LAND" OF THE WEST BANK. THE SMALL, ORTHODOX AGUDANT ISRAEL PARTY IS CONCERNED MAINLY WITH ENSURING THE ENFORCEMENT OF JEWISH RELIGIOUS LAWS AND CUSTOMS.

10. THE DEMOCRATIC MOVEMENT, WHICH HOLDS THE THIRD

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INFO RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2364
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LARGEST NUMBER OF PARLIAMENTARY SEATS IN THE COALITION AFTER LIKUD AND THE NATIONAL RELIGIOUS PARTY, TAKES A MAJOR INTEREST IN ECONOMIC AND SOCIAL ISSUES. THE DEMOCRATIC MOVEMENT'S ERODED VOTER POPULARITY, HOWEVER, HAS MADE IT DEEPLY DEPENDENT ON BEGIN'S SUPPORT AND LEFT IT LITTLE LEEWAY TO STAKE OUT DIFFERENT POSITIONS.

11. NOW THAT TREATY NEGOTIATIONS WITH EGYPT HAVE BEEN SUCCESSFULLY CONCLUDED, BEGIN MAY BEGIN TO TAKE HIS DISTANCE FROM EHRLICH IN AN ATTEMPT TO CUT LIKUD'S POLITICAL LOSSES BEFORE PREPARING FOR THE NEXT NATIONAL ELECTION IN NOVEMBER 1981. SUCH ACTION WOULD BE DIFFICULT FOR BEGIN, GIVEN THE IMPORTANCE HE ATTACHES TO PERSONAL LOYALTIES AND HIS DESIRE TO RETAIN EHRLICH'S SUPPORT IN THE DIFFICULT WEST BANK-GAZA AUTONOMY NEGOTIATIONS WITH EGYPT- BEGIN PROBABLY WOULD PREFER TO PUT OFF A DECISION FOR AS LONG AS POSSIBLE OR ENCOURAGE EHRLICH TO SHIFT PORTFOLIOS RATHER THAN DUMP HIM ALTOGETHER.

12. (C) THE PRIME MINISTER RECOGNIZES THAT INFLATION COULD UNDERMINE WHATEVER DOMESTIC ADVANTAGES HE HAS GAINED FROM HIS PEACE NEGOTIATION TRIUMPHS. CONSEQUENTLY, HE HAS TAKEN A GREATER INTEREST IN GAINING CABINET APPROVAL FOR NEW ECONOMIC MEASURES AND IN DEMONSTRATING HIS CONCERN FOR THE FLIGHT OF THE SEPHARDIC ISRAELIS. BEGIN MAY HAVE INTENDED HIS RECENT ANNOUNCEMENT OF HIS INTENTION TO SEEK REELECTION IN PART TO REASSURE LIKUD ACTIVISTS AND VOTERS THAT HE WILL TAKE THE KIND OF ACTION ON INFLATION-RELATED PROBLEMS THAT IS NECESSARY TO WIN AT THE POLLS IN 1981.

13. (U) EHRLICH, MEANWHILE, HAS FELT PRESSED BY AN UPSURGE IN CABINET-LEVEL CONCERN TO STRENGTHEN THE FIVE-YEAR ECONOMIC PLAN HE PRESENTED IN MID-MAY. HE NOW RECOMMENDS ADDITIONAL BUDGET CUTBACKS, SELECTIVE GOVERNMENT EMPLOYEE REDUCTIONS, AN END TO SOME GOVERNMENT SUBSIDIES, AND BETTER TAX COLLECTION. HIS PLAN, IF ADOPTED IN FULL, WOULD REPRESENT A CAUTIOUS FIRST STEP BUT IS INSUFFICIENT TO MAKE MORE THAN A SMALL DENT IN THE INFLATION RATE. THE GOVERNMENT, HOWEVER, WHILE DEMONSTRATING MORE INTEREST IN ECONOMIC ISSUES, THUS FAR HAS DONE LITTLE IN PRACTICE TO FOLLOW UP ON EHRLICH'S PROPOSALS.

14. (U) BEGIN POPULARITY: AN ISRAELI POLL PUBLISHED IN HAARETZ ON JUNE 25 INDICATED THAT BEGIN'S POPULARITY HAS DROPPED TO ITS LOWEST LEVEL SINCE HIS GOVERNMENT CAME TO POWER TWO YEARS AGO. ONLY 40.6 PERCENT OF THE POPULATION WAS SATISFIED WITH THE WAY HE WAS LEADING THE COUNTRY, DOWN FROM 54 PERCENT A YEAR AGO.

15. (U) SETTLEMENTS: MAARIV REPORTED JUNE 24 THAT THE JEWISH AGENCY SETTLEMENT DEPARTMENT IS PREPARING TO ESTABLISH 19 NEW SETTLEMENTS IN THE WEST BANK IN THE COURSE OF THE NEXT YEAR. THE ARTICLE STATES THAT A PLAN FOR THE NEW SETTLEMENTS HAS BEEN PREPARED IN COORDINATION WITH THE MINISTRY OF CONSTRUCTION AND HOUSING. ACCORDING TO THE PLAN FIVE SETTLEMENTS ARE EXPECTED TO BE ESTABLISHED THIS YEAR AND ANOTHER FOURTEEN NEXT YEAR. "SETTLEMENT ELEMENTS" REPORT THAT EVEN IF A QUARTER OF THIS SETTLEMENT PROGRAM IS PUT INTO EFFECT DURING THE NEXT FISCAL YEAR, IT WILL BE SUFFICIENT TO GIVE SIGNIFICANT FOUNDATIONS TO THE ISRAELI PRESENCE IN THE WEST BANK.

16. (U) AUTONOMY TALKS: MAARIV'S POLITICAL CORRESPONDENT ON JUNE 25 CLAIMED THAT AMBASSADOR STRAUSS WOULD BE ARRIVING IN ISRAEL WITH A VERY REAL "DOWRY" AFTER FOILING STATE DEPARTMENT ATTEMPTS TO APPLY SANCTIONS AGAINST ISRAEL BECAUSE OF THE ELON MOREH SETTLEMENT. ANOTHER MAARIV CORRESPONDENT PREDICTS THAT THE SETTLEMENTS MAY BECOME A CENTRAL ISSUE AT A MEETING ON THURSDAY OF 40 MEMBERS OF THE PRESIDENTS' CONFERENCE OF MAJOR JEWISH ORGANIZATIONS. BEGIN'S OFFICE IS REPORTEDLY EXERTING PRESSURE ON THE ORGANIZATION'S PRESIDENT THEODORE MANN TO COME OUT WITH ANOTHER PRO-SETTLEMENT STATEMENT PRIOR TO THE MEETING. YEDIGI'S POLITICAL CORRESPONDENT REPORTS THAT PRIME MINISTER BEGIN PROTESTED JUNE 24 NATIONAL SECURITY ADVISOR BRZEZINSKI'S "ANTI-SETTLEMENT" REMARKS MADE TO A GROUP OF US JEWISH LEADERS LAST WEEK.

17. (U) REUTER REPORTS THAT AN ISRAELI GOVERNMENT OFFICIAL, COMMENTING ON THE AUTONOMY TALKS, HAS SUGGESTED THAT NO SIGNIFICANT BREAKTHROUGH WOULD OCCUR UNTIL BEGIN AND SADAT MEET IN ALEXANDRIA IN JULY.

18. (C/NF) ISRAEL-EGYPT: THE ISRAELI AIRCRAFT INDUSTRY (IAI) IS DEVELOPING A PROPOSAL TO HELP EGYPT MAINTAIN ITS US-SUPPLIED AIRCRAFT, ACCORDING TO A DIA SOURCE. IAI BELIEVES THAT THE PRESENT SITUATION IN THE MIDDLE EAST IS CONDUCIVE TO CLOSE EGYPTIAN-ISRAELI MILITARY AND ECONOMIC COOPERATION.

19. (LOU) EGYPT-SANCTIONS: EMBASSY CAIRO REPORTS THAT THE OPERATIONS MANAGER OF THE SUMED PIPELINE HAS SEEN NO INDICATION FROM THE GULF COUNTRIES THAT THE PIPELINE WOULD BE BOYCOTTED, PARTICULARLY SINCE KUWAIT, SAUDI ARABIA, QATAR, AND THE UAE HOLD SHARES IN IT. SUMED CONTINUES TO OPERATE AT FULL CAPACITY, AND CONSTRUCTION IS PROCEEDING ON A PARALLEL PIPELINE WHICH WILL DOUBLE

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THE PRESENT CAPACITY.

20. (C) EGYPT-IMF: EMBASSY CAIRO REPORTS THAT EGYPTIAN LEADERS CONTINUE TO BELIEVE THEY HAVE DONE ALL THAT IS POLITICALLY FEASIBLE IN ADOPTING IMF SUGGESTED ECONOMIC REFORMS. THE FUND, MEANWHILE, CONTINUES TO POINT TO INCREASED PROBLEMS WHICH WILL BE ENGENDERED BY FURTHER DELAY IN IMPLEMENTING REFORMS. AN IMF OFFICIAL IN CAIRO IS PESSIMISTIC ABOUT THE LIKELIHOOD THAT A NEW LETTER OF INTENT BETWEEN EGYPT AND THE IMF CAN BE ACCEPTED PRIOR TO A FALL WORLD BANK MEETING.

21. (U) SAUDI ARABIA-OPEC: REUTER QUOTES UNDERSECRETARY OF THE SAUDI OIL MINISTRY AL-TURKI AS CHARACTERIZING THE PROPOSAL TO RAISE OIL PRICES TO DOLS 20 PER BARREL AS "RIDICULOUS." AL-TURKI SAID THAT SAUDI ARABIA WANTED TO REESTABLISH UNITY IN OPEC BUT NOT AT SUCH A HIGH PRICE. HE REFUSED TO COMMENT ON WHETHER SAUDI ARABIA WOULD ACCEPT A PRICE OF DOLS 18.50 A BARREL, SAYING THAT HE DID NOT WISH TO DISCUSS A PRECISE FIGURE. CHRISTOPHER
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National
Foreign
Assessment
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National Basic Intelligence Factbook

July 1979

*Supersedes the January 1979
edition, copies of which should
be destroyed.*

The Factbook, a compilation of basic data on political entities worldwide, is produced semiannually by the Office of Geographic and Cartographic Research with contributions provided by various components of the Central Intelligence Agency, the Defense Intelligence Agency, and the Department of State. Comments, suggestions, and requests for additional copies may be addressed to:

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Secret

GC BIF 79-002
July 1979

SECRET

ISRAEL

July 1979



PEOPLE

Population: 3,663,000, excluding East Jerusalem and the other occupied territories (July 1979), average annual growth rate 2.1% (7-77 to 7-78)

Nationality: noun—Israeli(s), adjective—Israel

Ethnic divisions: 85% Jews, 15% non-Jews (mostly Arabs)

Religion: 85% Judaism, 11% Islam, 4% Christian and other

Language: Hebrew official, Arabic used officially for Arab minority; English most commonly used foreign language

Literacy: 88% Jews, 48% Arabs

Labor force: 1,252,000; 6.1% agriculture, forestry and fishing; 23.8% industry, mining, and manufacturing; 1.1% electricity and water; 6.6% construction and public works; 11.9% commerce; 6.9% transport, storage, and communications; 7.3% finance and business; 29.7% public services; 6.6% personal and other services (1978)

Organized labor: 90% of labor force

GOVERNMENT

Legal name: State of Israel

Type: republic

Capital: Jerusalem; not recognized by U.S., which maintains Embassy in Tel Aviv

Political subdivisions: 6 administrative districts

Legal system: mixture of English common law and, in personal area, Jewish, Christian and Muslim legal systems, commercial matters, regulated substantially by codes adopted since 1948, no formal constitution, some of the functions of a constitution are filled by the Declaration of Establishment (1948), the basic laws of the Knesset (legislature) relating to the Knesset, Israeli lands, the president, the government and the Israel citizenship law, no judicial review of legislative acts, legal education at Hebrew University in Jerusalem, accepts compulsory ICJ jurisdiction, with reservations

National holiday: Independence Day, 11 May

ISRAEL

NOTE: The Arab territories occupied since the 1967 war are not included in the data below unless so indicated

LAND

20,720 km² (excluding about 56,183 km² of occupied territory in Jordan, Egypt, and Syria as of June 1979); 20% cultivated, 40% pastureland and meadows, 4% forested, 4% desert, waste, or urban, 3% inland water, 29% unsurveyed (mostly desert)

Land boundaries: 1,036 km (prior to 1967 war), including occupied areas, approximately 1,050 km (1977)

WATER

Limits of territorial waters (claimed): 6 nm

Coastline: 273 km (prior to 1967 war), including occupied areas, approximately 848 km (1977)

SECRET

Branches: President Yitzhak Navon has largely ceremonial functions, executive power vested in cabinet; unicameral parliament (Knesset) of 120 members elected under a system of proportional representation, legislation provides fundamental laws in absence of a written constitution; 2 distinct court systems (secular and religious)

Government leader: Prime Minister Menachem Begin

Suffrage: universal over age 18

Elections: held every 4 years unless required by dissolution of Knesset; last election held in May 1977

Principal political parties and leaders: Herut, Prime Minister Menachem Begin, Defense Minister Ezer Weizman, Liberal Party, Finance Minister Simcha Ehrlich; La'am, Yigal Hurvitz; (Likud is a coalition formed of Herut, Liberals and La'am), National Religious Party, Joseph Burg, Zevulun Hammer; Democratic Movement, Yigal Yadin, Shmuel Tamir; Israel Labor Party, Shimon Peres, Yitzhak Rabin, Yigal Allon; SHELLI, Arie Eliav

Voting strength: Likud 45 seats; National Religious Party 12 seats, Orthodox Agudat parties 5 seats, Samuel Flatto-Sharon 1 seat, Moshe Dayan 1 seat, Labor Party-MAPAM-Arab List Alignment 32 seats; Democratic Movement 7 seats; Shai 7 seats; Ya'ad 1 seat (recently organized by Assaf Yaguri as a one-man Knesset faction); Independent Liberal Party 1 seat, Citizens Rights Movement 1 seat, RAKAH 5 seats, SHELLI 2 seats

Communists: RAKAH (predominantly Arab but with Jews in its leadership) has some 1,500 members, the Jewish Communist Party, MAKI, is now part of Moked, which is a far-left Zionist party

Other political or pressure groups: right-wing Jewish Defense League led by Rabbi Meir Kahane; Black Panthers, a loosely organized youth group seeking more benefits for oriental Jews; Gush Emunim, Jewish religious zealots pushing for freedom for Jews to settle anywhere on the West Bank

Member of: FAO, GATT, IAEA, IBRD, ICAC, ICAO, IDA, IFC, ILO, IMCO, IMF, IOOC, IPU, ITU, IWC—International Wheat Council, OAS (observer), U.N., UNESCO, UPU, WHO, WIPO, WMO, WSG, WTO

ECONOMY

GNP: \$12.7 billion (1978, in 1978 prices), \$3,430 per capita, 1978 growth of real GNP 5.2%

Agriculture: main products—citrus and other fruits, vegetables, beef and dairy products, poultry products

Major industries: food processing, diamond cutting and polishing, textiles and clothing, chemicals, metal products, transport equipment, electrical equipment, miscellaneous machinery, rubber and plastic products, potash mining

Electric power: 2,600,000 kW capacity (1978); 13.5 billion kWh produced (1978), 3,700 kWh per capita

Exports: \$4.2 billion (f.o.b., 1978), major items—polished diamonds, citrus and other fruits, textiles and clothing, processed foods, fertilizer and chemical products, tourism is leading foreign exchange earner

Imports: \$7.1 billion (f.o.b., 1978), major items—military equipment, rough diamonds, chemicals, machinery, iron and steel, cereals, textiles, vehicles, ships, and aircraft

Major trade partners: exports—EC, U.S., U.K., Japan, Hong Kong, Switzerland, imports—EC, U.S., U.K., Switzerland, Japan

Aid: economic—(1970-76) U.S., \$1,815.7 million, Western countries, \$562.9 million, military—U.S., \$5,664.0 million (C)

Budget: FY beginning 1 April 1979—\$13 billion (converted at 22 Israeli pounds=US\$1)

Monetary conversion rate: the Israeli pound was allowed to float on 31 October 1977 and as of mid-April 1979 it was roughly 22.0 Israeli pounds=US\$1

Fiscal year: 1 April-31 March

COMMUNICATIONS

Railroads: 767 km standard gage (1,435 m)

Highways: 4,459 km paved, 7 km gravel/crushed stone, remainder unknown

Pipelines: crude oil, 705 km, refined products, 290 km, natural gas, 89 km

Ports: 3 major (Haifa, Ashdod, Elat), 5 minor

Merchant marine: 39 ships (1,000 GRT or over) totaling 411,909 GRT, 558,494 DWT, includes 12 cargo, 12 container, 4 roll-on/roll-off cargo, 11 bulk (C)

Airfields: 56 total, 46 usable, 21 with permanent-surface runways, 5 with runways 2,440-3,659 m, 6 with runways 1,220-2,439 m

Civil air: 25 major transport aircraft, including 1 leased in

Telecommunications: most highly developed in the Middle East though not the largest, good system of coaxial cable and radio relay, 870,000 telephones (24.0 per 100 popl.), 14 AM, 10 FM stations, 15 TV stations and 30 repeater stations; 2 submarine cables, 1 Atlantic Ocean satellite station

DEFENSE FORCES

Military manpower: Jewish males 15-49, 750,000, 648,000 fit for military service, average number of Jews reaching military age (18) annually—28,000 males, 27,000 females, both sexes liable for military service

Personnel: army 135,000 (plus 300,000 reserve), navy 6,600, air force 28,500 (1,450 pilots), NAHAL 5,000, frontier guard 4,500, CHEN (women) 20,000 (S)

Major ground units: 10 armored divisions, 1 airmobile division, 4 mechanized infantry, 4 airborne, and 7 infantry brigades (S)

Ships: 3 submarines, 8 patrol guided missile combatants, 12 missile attack boats, 32 patrol boats, 13 river roadstead patrol boats, 2 port security boats, 2 patrol air cushion vehicles, 10 amphibious, 5 service, and 3 auxiliary (S)

Aircraft: 1,045 (700 jet, 137 prop, 30 turboprop, 178 helicopters) (S)

Missiles: 17 Hawk missile batteries (16 towed and 1 self-propelled) and 48 Chaparral launchers (S)

Supply: produces most types of ammunition, vehicles up to 50-60-ton tank transporters, small arms, mortars up to 160 mm, 155-mm self-propelled and towed artillery, indigenously designed medium tanks, and chemical and biological warfare defensive materiel, aircraft from native and foreign designs, and small turbojet engines, engine parts and components; also produces GABRIEL, an indigenously designed and produced naval surface-to-surface missile, as well as the SHAFRIR air-to-air missile, has built 6 patrol guided missile combatants and is building 6 more; most navy ships from U.K., France, and U.S.; equipment from U.S. and diverse sources in Western Europe (S)

Military budget: for fiscal year ending 31 March 1980, \$3.215 billion; about 28% of central government budget (C)

INTELLIGENCE AND SECURITY

Israeli Secret Intelligence Service (MOSSAD), foreign, Israeli Security Service (Shin Beth), domestic and foreign, Directorate of Military Intelligence (Sherut Modi'in), foreign political, economic, geographic, and military intelligence (S/NF)

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S E C R E T SECTION 81 OF 83 STATE 192384/21

E.O. 12065: GDS 7/24/85 (ROBERTS, SAMUEL)

TAGS:EG, IS, PINR

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SUBJECT: INTSUM 859, JULY 24, 1979

LONDON FOR GLASPIE

PARIS FOR NICHOLAS MURPHY

DOD/ISA FOR RANSOM

OTHER ADDRESSEES FOR CHIEFS OF MISSION

WARNING NOTICE SENSITIVE SOURCES AND METHOD INVOLVED. NOT
RELEASABLE TO FOREIGN NATIONALS

(PARAGRAPHS 1-3 CONFIDENTIAL)

1. ISRAEL-JORDAN: YARMUK WATER DISPUTE: IT APPEARS THAT
THE YARMUK WATER DISPUTE BETWEEN ISRAEL AND JORDAN HAS
ESSENTIALLY BEEN RESOLVED WITHOUT INCIDENT THROUGH
INTENSIVE DIPLOMATIC ACTIVITY. THE POTENTIAL FOR CON-
FLICT AND POSSIBLE INVOLVEMENT OF THE MILITARY DISSIPATED
WHEN THE REPRESENTATIVE OF THE JORDAN VALLEY AUTHORITY
ORDERED HIS PEOPLE TO ALLOW ABSOLUTE MINIMUM WATER INTO
THE EAST GHOR CANAL TO MEET JORDAN'S MINIMUM NEEDS,
THEREBY ALLOWING ADDITIONAL WATER TO FLOW INTO THE
YARMUK RIVER. THIS WAS CONFIRMED THOUGH NOT CONVEYED
TO THE JORDANIAN GOVERNMENT BY ISRAELI ESTIMATES THAT

REPORTED THE INCREASED INFLUX OF WATER ON 18 JULY.

2. THE ISRAELI THREAT TO USE MILITARY FORCE, IF NECESSARY,
COULD HAVE BEEN THE DECIDING FACTOR INFLUENCING THE
JORDANIANS TO RESTORE THE FLOW OF WATER TO A LEVEL THAT
SEEMS TO HAVE SATISFIED TEL AVIV.

3. ANOTHER JORDANIAN-ISRAELI MEETING BY TECHNICAL EXPERTS
AT RIVERSIDE IS ANTICIPATED TO SORT OUT HOW BEST TO
PROCEED ON THE NEXT PHASE OF THE BULLDOZER EXERCISE.

(PARAGRAPHS 4-9 CONFIDENTIAL)

4. OAU SUMMIT RESULTS. THE ORGANIZATION OF AFRICAN UNITY SUMMIT LAST WEEK IN MONROVIA, LIBERIA, WAS UNUSUALLY CONTENTIOUS. THE 48 DELEGATIONS REFUSED TO CENSURE EGYPT'S MIDDLE EAST INITIATIVES, DECLINED TO RECOGNIZE THE MUZOREWA REGIME IN ZIMBABWE-RHODESIA, AND DECLARED THAT MOROCCO HAD ONLY ADMINISTRATIVE CONTROL IN WESTERN SAHARA.

5. AS NOTED IN A CIA ANALYSIS, MIDDLE EAST AFFAIRS NEARLY DOMINATED THE SUMMIT. SEVERAL RESOLUTIONS, ADOPTED BY CONSENSUS, WERE CAREFULLY WORDED TO DISAPPROVE ONLY OF TREATIES THAT HARM THE SOVEREIGNTY OF ARAB AREAS, TO RECOGNIZE THE RIGHT OF PAL-ESTINIANS TO THEIR OWN STATE, AND TO RECOGNIZE THE PALESTINE LIBERATION ORGANIZATION AS THE "SOLE LEGITIMATE" REPRESENTATIVE OF THE PALESTINIANS.

6. RESOLUTIONS ON SOUTHERN AFRICA WERE ADOPTED AT THE LAST MINUTE WITHOUT DEBATE. THE OAU AGREED IT WOULD NOT APPROVE US OR UK RECOGNITION OF THE MUZOREWA GOVERNMENT AND WOULD CONSIDER THE LIFTING OF SANCTIONS A HOSTILE ACT. THE PATRIOTIC FRONT WAS DESIGNATED THE "SOLE LEGITIMATE AND AUTHENTIC REPRESENTATIVE OF THE PEOPLE OF ZIMBABWE"--GOING BEYOND THE OAU'S PREVIOUS ENDORSEMENT OF THE FRONT AS THE ONLY RECOGNIZED LIBERATION GROUP.

7. ACCORDING TO THE US EMBASSY IN MONROVIA, OAU MEMBERS ARE UNCERTAIN WHAT THE ZIMBABWE RESOLUTION MEANS. ALL CONCUR THAT THEY WERE WARNING THE WESTERN POWERS NOT TO RECOGNIZE MUZOREWA OR TO LIFT SANCTIONS, BUT THEY DIFFER AS TO WHETHER NEGOTIATIONS FOR A SETTLEMENT SHOULD GO FORWARD. THE FRONTLINE STATES PROFESS TO SEE NOTHING THAT WOULD HAMPER NEGOTIATIONS.

8. RESOLUTIONS ON WESTERN SAHARA WERE HARD-FOUGHT BUT FINALLY APPROVED BY A TWO-THIRDS MAJORITY. MOROCCO WALKED OUT OF THE SESSION AFTER IT WAS D-CLAS-D THAT RABAT HAD ADMINISTRATIVE CONTROL BUT NOT SOVEREIGNTY OVER THE AREA. THE RESOLUTION CALLED FOR A CEASE-FIRE AND A REFERENDUM TO DETERMINE THE SAHARANS' PREFERENCE.

9. LIBERIAN PRESIDENT TOLBERT, WHO CHAIRED THE MEETING, KEPT CHAD OFF THE AGENDA AND CUT OFF A BITTER DISCUSSION ON UGANDA AFTER ALL THE PRINCIPALS HAD SPOKEN.

12. (S/NF) SYRIA-USSR: INCREASED AIRCRAFT DELIVERIES. THE USSR HAS CONTINUED TO PROVIDE SYRIA WITH A STEADY FLOW OF ADVANCED AIRCRAFT THIS YEAR DESPITE EARLIER SIGNS OF STRAINED RELATIONS BETWEEN DAMASCUS AND MOSCOW. UNUSUALLY LARGE SOVIET DELIVERIES IN JULY HAVE INCLUDED EIGHT MIG-23S--THE FIRST RECEIVED SINCE 1977--AND 24 MIG-21S. THESE DELIVERIES BRING THE TOTAL SO FAR THIS YEAR TO 68--CLOSE TO OR EXCEEDING TOTAL SOVIET FIGHTER AIRCRAFT SHIPMENTS IN EACH OF THE PREVIOUS FOUR YEARS. WE DO NOT KNOW WHETHER ALL OF THE SHIPMENTS INVOLVE EQUIPMENT ORDERED UNDER THE LAST MAJOR CONTRACTS WE ARE AWARE OF, WHICH WERE SIGNED IN 1977. NEGOTIATIONS FOR A LARGE NEW SOVIET-SYRIAN DEAL WERE NEAR COMPLETION IN APRIL, BUT WE HAVE NO CONFIRMATION THAT A NEW ACCORD
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S E C R E T SECTION 02 OF 03 STATE 192384/02

WAS SIGNED. IF THE SOVIETS MAINTAIN THE PACE OF AIRCRAFT AND OTHER WEAPON SHIPMENTS TO SYRIA IN THE COMING MONTHS, OVERALL SOVIET DELIVERIES COULD REACH THEIR HIGHEST LEVEL SINCE 1974.

(PARAGRAPHS 10 - 17 UNCLASSIFIED)

10. ISRAEL-UNTSO: ISRAELI DEPUTY PRIME MINISTER YADIN SAID JULY 23 THAT THE US HAD SAID AT CAMP DAVID THAT IF UNEF WERE NOT RENEWED, IT WOULD BE REPLACED BY "ANOTHER INTERNATIONAL OR MULTINATIONAL FORCE." "THE UN OBSERVERS CAN ONLY REPORT ON WHAT HAPPENS...THE INTERNATIONAL FORCE...SHOULD PREVENT BREACHES OF THE AGREEMENT...ENSURE FREEDOM OF NAVIGATION, FOR EXAMPLE.. IN ISRAEL, HA'ARIV REPORTED THAT "POLITICAL CIRCLES" THINK ISRAEL WILL FACE A "SHARP CONFRONTATION" WITH THE US. TALKS BETWEEN ISRAEL AND EGYPT ON THE MATTER WERE REPORTED AND THERE WERE "HINTS.. THE PAPER SAID, THAT EGYPT WAS NOT HAPPY WITH THE UNTSO PROPOSAL EITHER.

11. BEGIN'S HEALTH: AP REPORTED JULY 23 THAT BEGIN'S DOCTORS SAID HE HAS LOST 25 PERCENT OF THE VISION IN HIS RIGHT EYE AND 10 PERCENT IN THE LEFT EYE BECAUSE OF THE ARTERIAL BLOCKAGE. THE HEAD OF THE MEDICAL TEAM TREATING BEGIN SAID IT WAS TOO EARLY TO TELL IF THE EYE PROBLEM IS PERMANENT. THE DOCTOR ALSO SAID BEGIN'S "GRADUAL-REGENERATION CONTINUES AS EXPECTED." BEGIN IS REPORTED TO BE RECEIVING OFFICIAL VISITORS AND STILL MAKING MAJOR DECISIONS.

12. PERES-EGYPT: CAIRO MENA REPORTED JULY 23 THAT ISRAELI LABOR PARTY LEADER SHIMON PERES IS DUE IN EGYPT JULY 24 AND WILL MEET SADAT IN ALEXANDRIA.

13. TURKEY-ISRAEL: REUTER REPORTED JULY 23 THAT THE TURKISH GOVERNMENT HAS PROTESTED TO ISRAEL OVER IMPLICIT ISRAELI CRITICISM OF THE HANDLING OF THE SIEGE AT THE EGYPTIAN EMBASSY. AN OFFICIAL OF THE ISRAELI EMBASSY IN ANKARA SAID THE EMBASSY WAS ACCUSED OF INTERVENING IN DOMESTIC TURKISH AFFAIRS BY ISSUING COPIES OF ARTICLES ABOUT THE SIEGE TO JOURNALISTS. THESE ARTICLES INCLUDED A PHOTOGRAPH OF THE TURKISH INTERIOR MINISTER KISSING ONE OF THE GUERRILLAS AFTER THE SIEGE ENDED, REUTER SAID.

14. LEBANON-ISRAELI AIR STRIKES: THE LEBANESE GOVERNMENT HAS SAID IT WILL PROTEST TO THE UN SECURITY COUNCIL ABOUT THE ISRAELI AIR RAIDS OF JULY 22. NEWSPAPERS, EMBASSY BEIRUT AND DEFENSE ATTACHE SOURCES PUT THE NUMBER OF DEAD AT 18 OR 20 WHILE THE WOUNDED ARE REPORTED TO NUMBER 65 TO 70. ALL THE LEBANESE PAPERS SAY CIVILIANS, INCLUDING WOMEN AND CHILDREN, WERE AMONG THE CASUALTIES. EMBASSY BEIRUT SAID THE RAIDS OCCURED AT THE TIME WHEN THE ROADS IN THE AREA OF THE STRIKES ARE USUALLY FILLED WITH PEOPLE RETURNING FROM THE MOUNTAINS AND THE BEACHES. ONE OF THE AREAS HIT IS ABOUT FIVE MILES FROM BEIRUT AIRPORT WHICH WAS FORCED TO CLOSE FOR ONE HOUR. LEBANESE PRIME MINISTER AL HUSS SAID THIS WAS A "BLATANT CRIMINAL ACTION" AND CALLED ON OTHER COUNTRIES TO "ASSUME THEIR RESPONSIBILITIES" TO END THESE ACTIONS.

15. PLO-US: IN A STATEMENT TO A LEFTIST LEBANESE NEWSPAPER AL-SAFIR ON JULY 23, YASSER ARAFAT SAID THAT HE WILL SEND A DELEGATION TO THE UNITED STATES IF IT EXPRESSES READINESS TO NEGOTIATE WITH THE PLO. HE DENIED THERE WERE ANY CONTACTS BETWEEN THE US ADMINISTRATION AND SOME PALESTINIAN UNIVERSITY PROFESSORS. DESPITE HIS EXPRESSION OF DESIRE FOR A DIALOGUE WITH THE US, ARAFAT ACCUSED THE UNITED STATES OF HELPING ISRAEL TO "EXTERMINATE" THE PALESTINIAN PEOPLE.

16. EGYPT-NEGOTIATIONS: THE EGYPTIAN PRESS REPORTS THAT VICE-PRESIDENT MUBARAK WHILE DELIVERING AN ADDRESS TO THE CENTRAL COMMITTEE OF THE ARAB SOCIALIST UNION ON THE ANNIVERSARY OF THE 1952 REVOLUTION:

(A) NOTED THAT NASSER WAS THE FIRST LEADER TO ACCEPT UNSEC RESOLUTION 242 AS WELL AS THE JARRING AND ROGERS PLANS;

(B) CLAIMED THAT THE REJECTIONISTS THEN AND NOW FAILED TO APPRECIATE THE TRADEOFF BETWEEN ISRAELI WITHDRAWAL AND ARAB ACCEPTANCE OF ISRAEL;

(C) WARNED THAT EGYPT EXPECTS TANGIBLE PROGRESS IN AUTONOMY NEGOTIATIONS OR THERE WILL BE "GRAVE CONSEQUENCES;"

(D) INSISTED THAT AUTONOMY MUST APPLY TO LAND AS WELL AS PEOPLE AND THAT A "PALESTINIAN GOVERNMENT" MUST HAVE LEGISLATIVE AND JUDICIAL POWERS; AND

(E) DECLARED THAT ISRAELI SETTLEMENT POLICY IS "UNACCEPTABLE."

17. EGYPT-US: THE EGYPTIAN PRESS ON JULY 23 PROMINENTLY REPORTED ASSISTANT SECRETARY SAUNDERS' ASSERTION IN CONGRESSIONAL TESTIMONY THAT EGYPT NEEDS THE F-4 TO ENSURE THE SECURITY OF THE NILE VALLEY, SUEZ CANAL AND THE SIDAN. *VANCE*

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AMEMBASSY ASUNCION
USINT BAGHDAD
AMEMBASSY BANJUL
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AMCONSUL DURBAN
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AMCONSUL GUAYAQUIL
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AMEMBASSY NOUAKCHOTT
AMEMBASSY OUAGADOUGOU
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AMEMBASSY TRIPOLI
AMEMBASSY YAOUNDE
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QFR REPORT, INFORM CONSULS, CINC/SHAPE FOR POLADS ONLY

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E.O. 12065 GDS 7/25/85 (TARNOFF, PETER)

TAGS: XI, US

SUBJECT: (U) CURRENT FOREIGN RELATIONS, ISSUE NO. 29,
JULY 25, 1979

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1. (U) IO - MIDDLE EAST ISSUES IN THE UN (GDS 7/25/85)

(S) IN RECENT WEEKS, SEVERAL ISSUES INVOLVING THE MIDDLE EAST HAVE COME BEFORE THE SECURITY COUNCIL. AS A RESULT OF DISCUSSIONS AT THE SUMMIT IN VIENNA, IT BECAME CLEAR THAT THE SOVIETS WERE DETERMINED TO VETO THE RENEWAL OF THE UNITED NATIONS EMERGENCY FORCE (UNEF) WHEN ITS MANDATE EXPIRED JULY 24. BEGINNING IN MID-APRIL, WE HAD ASKED EGYPT AND ISRAEL TO GIVE US THEIR VIEWS ON THE AVAILABLE ALTERNATIVES TO UNEF: EITHER THE USE OF THE UN TRUCE SUPERVISION ORGANIZATION (UNTSO) AS A SUBSTITUTE FOR UNEF, OR THE CREATION OF A NON-UN MULTINATIONAL FORCE. IN JULY WE EXPLORED WITH THE SOVIETS WHETHER THEY WOULD BE WILLING TO ALLOW UNTSO TO CONTINUE TO FUNCTION, AND WE LINED UP A NINE-VOTE MAJORITY IN THE SECURITY COUNCIL ON UNEF RENEWAL. FACED WITH THE PROSPECT OF HAVING TO VETO, THE SOVIETS EVENTUALLY ACCEPTED THE USE OF UNTSO, PROVIDED WE WOULD NOT BRING UNEF RENEWAL TO A VOTE. EGYPT ACCEPTED THIS COMPROMISE PROPOSAL, BUT ISRAEL REJECTED IT. WE ARE CONTINUING TO DISCUSS THIS QUESTION WITH ISRAEL AND ARE CONFIDENT THAT A SATISFACTORY CONCLUSION CAN BE REACHED. THERE IS NO IMMEDIATE CRISIS, AND ISRAELI WITHDRAWALS ARE CONTINUING IN THE SINAI AS CALLED FOR IN THE PEACE TREATY.

^S
() A SECOND ISSUE INVOLVED A RESOLUTION ON ISRAELI SETTLEMENTS IN THE OCCUPIED TERRITORIES, DEBATED BY THE SECURITY COUNCIL JULY 17-19. WE ABSTAINED IN THE VOTE ON THE RESOLUTION WHICH WAS ADOPTED BECAUSE WE WERE CONCERNED THAT THE RESOLUTION ADOPTED RECOMMENDATIONS MADE BY A SECURITY COUNCIL COMMISSION ON ISRAELI SETTLEMENTS WHICH WENT BEYOND THE SETTLEMENTS QUESTION.

AT THE SAME TIME, WE RESTATED OUR POSITION THAT ISRAELI SETTLEMENTS ARE INCONSISTENT WITH INTERNATIONAL LAW AND PREJUDGE AN ISSUE WHICH WILL HAVE TO BE DEALT
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WITH IN THE NEGOTIATIONS.

(S) FINALLY, A RESOLUTION ON PALESTINIAN RIGHTS IS SCHEDULED TO BE DEBATED BY THE SECURITY COUNCIL ON JULY 27. A VOTE MAY COME AS EARLY AS JULY 30.

2. (U) NEA - U.S. ORDERS PRECAUTIONARY EVACUATION OF DEPENDENTS AND NON-ESSENTIAL EMPLOYEES FROM KABUL (GDS 7/25/85)

(LOU) IN THE FACE OF A DETERIORATING INTERNAL SECURITY SITUATION AND A RISING LEVEL OF VIOLENCE IN KABUL AND ALONG THE MAJOR OVERLAND ROUTE TO PAKISTAN, WE ORDERED THE EVACUATION OF ALL USG DEPENDENTS AND NON-ESSENTIAL PERSONNEL FROM AFGHANISTAN. THEY WILL BE COMING OUT OVER A TWO WEEK PERIOD ON REGULARLY SCHEDULED FLIGHTS. WE HAVE ADVISED THE PRIVATE AMERICAN COMMUNITY TO DO LIKEWISE AND ARE URGING THAT NON-ESSENTIAL TRAVEL TO AFGHANISTAN NOT BE UNDERTAKEN AT THIS TIME. OUR DRAWDOWN WILL INVOLVE ABOUT 100 PEOPLE. WE HAVE MADE CLEAR TO THE DRA THAT OUR DECISION DOES NOT REPRESENT A POLITICAL JUDGMENT BUT RATHER A PRUDENT STEP IN LIGHT OF OUR SECURITY CONCERNS.

(LOU) IN APPARENT RESPONSE TO OUR DECISION, THE DRA SUBSEQUENTLY NOTIFIED US THAT WE SHOULD REDUCE OUR STAFF IN KABUL IN LIGHT OF OUR REDUCED LEVEL OF AID. THE DRA HAS ASKED THE STAFF ASSIGNED AFTER THE APRIL 1978 REVOLUTION BE WITHDRAWN, BUT WE STILL ARE NOT CERTAIN WHAT THE FINAL LEVEL WILL BE.

(C) THE TREND OF THE INSURGENCY CONTINUES TO RUN AGAINST THE KHALQI REGIME OF NOOR MOHAMMED TARAKI AS REPORTS OF FIGHTING AND SERIOUS MILITARY MORALE AND COORDINATION PROBLEMS MULTIPLY. HOWEVER, THE REBELS HAVE STILL NOT DEMONSTRATED A CAPABILITY TO COORDINATE THEIR ACTIVITIES OR TO STRIKE EFFECTIVELY AT THE SEAT OF KHALQI POWER IN KABUL. THE SOVIETS ARE PROBABLY CONCERNED ABOUT THE STAYING POWER OF THE REGIME AND MAY HOPE FOR SOME KIND OF POLITICAL SOLUTION TO THE AFGHAN SITUATION. WHILE THE PRESENT REGIME IS CLEARLY IN TROUBLE, IT IS DIFFICULT TO PREDICT HOW OR WHEN LEADERSHIP CHANGES MIGHT OCCUR.

3. (U) ARA:NEW GOVERNMENT IN NICARAGUA (GDS 7/24/85)

(U) THE SOMOZA DYNASTY ENDED JULY 17 WITH SOMOZA'S DEPARTURE FOR MIAMI. CHAMBER OF DEPUTIES PRESIDENT FRANCISCO URCUYO, ELECTED INTERIM PRESIDENT BY THE

PRO-SOMOZA NICARAGUAN CONGRESS, THEN DISRUPTED CAREFULLY NEGOTIATED TRANSITION PLANS, TO WHICH HE HAD PREVIOUSLY AGREED, BY ANNOUNCING HIS INTENTION TO REMAIN IN POWER UNTIL THE 1981 ELECTIONS. THE U.S. PROMPTLY WITHDREW ITS AMBASSADOR AND MOST EMBASSY STAFF TO PROTEST URCUYO'S ACTION. URCUYO LASTED 48 HOURS, UNTIL THE NATIONAL GUARD DISINTEGRATED AND INTERNATIONAL PRESSURES MADE HIS POSITION UNTENABLE.

(C) THE NEW GOVERNMENT OF NATIONAL RECONSTRUCTION (GRN) WAS INSTALLED JULY 20, IN A CEREMONY ATTENDED

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BY AMBASSADOR BOWDLER, WHO HAD BEEN U.S. REPRESENTATIVE IN A MEDIATION EFFORT FROM SEPTEMBER 1978 TO JANUARY 1979 AND RECENTLY IN CONTACT WITH GRN LEADERS IN COSTA RICA. RELATIONS WITH THE U.S. ARE A MATTER OF GREAT SENSITIVITY TO THE NEW NICARAGUAN LEADERSHIP. ALTHOUGH IT IS TOO EARLY TO TELL HOW THEY WILL EVOLVE, THE GRN SO FAR HAS BEEN CAREFUL, CORRECT AND FAIRLY RESPONSIVE IN ITS DEALINGS WITH THE UNITED STATES.

(U) THE GRN HAS INVITED OAS FOREIGN MINISTERS AND THE INTER-AMERICAN COMMISSION ON HUMAN RIGHTS TO VISIT NICARAGUA AND HAS PROMISED TO DISCOURAGE INDISCRIMINATE REPRISALS. IT HAS PLEDGED TO HOLD CITY COUNCIL ELECTIONS, A CONSTITUTIONAL CONVENTION AND NATIONAL ELECTIONS BUT HAS NOT ANNOUNCED A TIMETABLE.

(LOU) NICARAGUA FACES CONSIDERABLE PHYSICAL DEVASTATION, ECONOMIC DISLOCATION AND PERSONAL SUFFERING. WE ARE RESPONDING PROMPTLY TO REQUESTS FOR HUMANITARIAN RELIEF AND ALREADY HAVE APPROVED THE DIVERSION OF 2,225 TONS OF PL 480 COMMODITIES FROM THE UNITED STATES, GUATEMALA, COSTA RICA, AND EL SALVADOR. TO DATE, SOME 640 TONS HAVE BEEN AIRLIFTED INTO MANAGUA BY THE ICRC AND THE U.S.

4. (U) ARA - PANAMA CANAL TREATY LEGISLATION

(LOU) THE SENATE WILL BEGIN FLOOR DEBATE THIS WEEK ON LEGISLATION TO IMPLEMENT THE PANAMA CANAL TREATIES, WHICH ENTER INTO FORCE ON OCTOBER 1. THE SENATE ARMED SERVICES COMMITTEE ADOPTED A BILL SIMILAR TO THE ADMINISTRATION PROPOSAL, WHILE THE HOUSE BILL CONTAINS PROVISIONS WHICH ARE INCONSISTENT WITH THE TREATIES. THE SENATE WILL PROBABLY ADOPT THE ARMED SERVICES COMMITTEE BILL, SETTING THE STAGE FOR A TOUGH FIGHT IN CONFERENCE. TIME IS NOW CRITICAL, WITH THE AUGUST CONGRESSIONAL RECESS CONSUMING NEARLY HALF THE REMAINING PERIOD UNTIL OCTOBER 1.

5. (U) AF - OAU SUMMIT: PRELIMINARY CONCLUSIONS
(GDS 7/25/85)

(C) CHAD WAS IN MANY RESPECTS THE MOST INTERESTING ISSUE OF THE OAU CONFERENCE, AS IT COMBINED THE ISSUE OF FOREIGN TROOPS WITH THAT OF AN EMERGING "SUPERPOWER," NIGERIA, PRESSURING OTHER STATES INTO AN UNPRECEDENTED REFUSAL TO RECOGNIZE A DELEGATION ON THE GROUNDS THAT IT WASN'T "REPRESENTATIVE."

(C) IN GENERAL, THE MODERATES CONDUCTED THEMSELVES WITH

CONFIDENCE AND PURPOSE, AND WITH LITTLE CONCERN FOR THE OPINIONS OF THE RADICALS. THE HARDCORE RADICALS--BENIN, MADAGASCAR, ANGOLA, CONGO, ETHIOPIA--SEEMED IN FACT TO BE LITTLE MORE THAN A SIDE SHOW AT THE CONFERENCE, LIBYA REMAINING RESTRAINED THROUGHOUT.

(C) TANZANIA'S INVASION OF UGANDA THREW THE WEAKNESSES OF THE OAU CHARTER INTO HIGH RELIEF. ALTHOUGH DEBATE ON THE SUBJECT WAS HALTED ABRUPTLY BY THE SUMMIT (PRESUMABLY AT THE URGING OF PRESIDENT TOLBERT, THE CHAIRMAN), ITS IMPORTANCE WAS CLEARLY RECOGNIZED, BUT IT ESCAPED WITHOUT SERIOUS DAMAGE.

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(C) THE NECESSITY OF RE-EXAMINING THE CHARTER RECEIVED CONSIDERABLE ATTENTION. SUDAN'S NIMEIRI PROPOSED THAT THE OAU REMEDY ITS WEAKNESS IN CRISIS MANAGEMENT BY CREATING A COUNCIL OF FIVE HEADS OF STATE ABLE TO INTERCEDE IN CONFLICTS WITH THE POWER TO MAKE DECISIONS BINDING ON THE PARTIES. HOWEVER, THE OAU FUNCTIONS QUITE ADEQUATELY AS A FORUM, AND ITS MEMBERS WILL HAVE MORE THAN A FEW SECOND THOUGHTS ABOUT GIVING IT ANY EXECUTIVE AUTHORITY.

(C) IT MAY BE THAT THE PAST YEAR HAS MARKED A TURNING POINT FOR THE OAU IN ITS CONSIDERATION OF ECONOMIC ISSUES. THE DISMAL ECONOMIC SITUATION IN AFRICA HAS BEEN FOCUSED UPON AND DISCUSSED PUBLICLY WITH UNFLINCHING REALISM. THERE SEEMS TO BE A WILL TO ADDRESS ECONOMIC ISSUES IN A SERIOUS WAY, AND A REALIZATION THAT THE OAU JUST MIGHT BE A USEFUL INSTRUMENT IN THIS REGARD. WITHIN THE NEXT THREE MONTHS WE MAY SEE A SUMMIT ON ECONOMIC ISSUES IN LAGOS, AND THE BEGINNING OF ATTEMPTS TO TURN THE PIETY INTO A WORKING PROGRAM.

(C) FOR THE FIRST TIME THERE WAS A GENERAL ACKNOWLEDGEMENT DURING THESE MEETINGS THAT THE HUMAN RIGHTS SITUATION IN AFRICA IS NOT UNIFORMLY IDEAL. A RESOLUTION ON A HUMAN RIGHTS CHARTER FOR AFRICA WAS ADOPTED. THE CONCEPT OF HUMAN RIGHTS HAS DEFINITELY ARRIVED IN AFRICA.

6. (U) INR - POLAND: MASSIVE GRAIN IMPORT REQUIREMENTS (GDS 7/25/85)

(C) PLAGUED BY MONTHS OF BAD WEATHER, THE POLISH GRAIN CROP NOW BEGINNING TO BE HARVESTED COULD WELL BECOME ONE OF THE WORST IN RECENT YEARS. AT THE EXPENSE OF ITS ALREADY WORSENING FINANCIAL POSITION, WARSAW INTENDS TO OFFSET THE HARVEST SHORTFALL WITH LARGE-SCALE GRAIN AND FEED IMPORTS. THE GRAIN IS NEEDED TO SUPPORT THE CONTINUED EXPANSION OF LIVESTOCK HERDS--A TOP GOVERNMENT PRIORITY. WARSAW, HOWEVER, MAY NOT OBTAIN THE DOLS 1.5 BILLION IN GRAIN CREDITS IT WILL REQUIRE TO STAVE OFF A DECLINE IN DOMESTIC MEAT PRODUCTION NEXT YEAR.

(U) PARTY LEADER GIEREK INDICATED LAST MONTH THAT, OWING TO THE POOR HARVEST OUTLOOK, WARSAW PLANS TO STEP UP ITS GRAIN AND FEED IMPORTS BY ALMOST 1 MILLION METRIC TONS--TO 8 MMT--PROBABLY DURING THE CURRENT MARKETING YEAR (JULY-JUNE). WORLD GRAIN PRICES HAVE RISEN 40-50 PERCENT OVER THE LAST YEAR, AND ONLY SMALL QUANTITIES OF GRAIN WILL BE AVAILABLE FROM THE USSR. POLISH HARD-CURRENCY COSTS FOR THE DESIRED GRAIN AND FEED IMPORTS CONSEQUENTLY WILL RISE

A
R PIDLY THIS MARKETING YEAR TO ABOUT DOLS 1.5 BILLION (FROM
LESS THAN THAN DOLS 1 BILLION LAST YEAR).

(C) SINCE OTHER WESTERN COUNTRIES CAN PROVIDE LITTLE ADDI-
TIONAL GRAIN, MUCH OF POLAND'S IMPORTS MUST COME FROM THE
US--ABOUT 3 MMT OF GRAIN AND SUBSTANTIAL QUANTITIES OF PRO-
TEIN FEED. THE POLES RECENTLY REQUESTED DOLS 700 MILLION IN
FY80 CCC CREDITS TO FINANCE SUCH IMPORTS BUT REDUCED THE
REQUEST TO DOLS 500 MILLION WHEN THE USDA POINTED OUT OUR
LACK OF FUNDS. THE FY80 CCC BUDGET HAS BEEN CUT IN HALF
FROM THE FY79 LEVEL TO DOLS 800 MILLION.

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(C/NF) ACCORDING TO US BANKERS, WARSAW IS PREPARING TO DRAW ON ITS DOLS 100 MILLION LINE OF CCC GUARANTEES AND WILL REQUEST STILL MORE. WARSAW HAD BEEN RELUCTANT TO USE THE GUARANTEE PROGRAM, WHICH IS CURRENTLY LIMITED TO A TOTAL EXPOSURE OF DOLS 600 MILLION WORLDWIDE, BECAUSE OF THE HIGHER INTEREST CHARGES INVOLVED.

(C) POLISH GRAIN CREDIT REQUIREMENTS THUS APPEAR TO EXCEED SUBSTANTIALLY THE WESTERN GOVERNMENT FINANCING (INCLUDING CCC CREDITS AND GUARANTEES) LIKELY TO BE AVAILABLE. MOREOVER, WARSAW MAY NOT BE ABLE TO TURN TO WESTERN BANKS TO MAKE UP THE DIFFERENCE, BECAUSE PRIVATE LENDERS ARE INCREASINGLY CONCERNED ABOUT WARSAW'S ABILITY TO SERVICE ITS DEBTS.

7. (U) INR - CHINESE JOINT VENTURE LAW CHALLENGES
INGENUITY, FLEXIBILITY OF WOULD-BE PARTNERS

(LOU) CHINA'S NEW JOINT VENTURE LAW--WHILE SILENT ON MANY AREAS OF IMPORTANCE TO POTENTIAL INVESTORS--PLACES A MINIMUM OF RESTRAINTS ON JOINT VENTURES WHICH MIGHT ATTRACT FOREIGN CAPITAL, MANAGEMENT, AND TECHNOLOGY TO CHINA. IT ALSO LEAVES WIDE LATITUDE FOR NEGOTIATION OF THE TERMS OF INDIVIDUAL VENTURES. CHINA, HOWEVER, AS ANY LDC, WILL BE SENSITIVE TO THE APPEARANCE OF EXPLOITATION BY FOREIGNERS, AND INVESTORS ARE LIKELY TO BE SUBJECT TO IDEOLOGICAL SNIPING AS THEY NEGOTIATE WITH THE BUREAUCRACY.

(U) THE LAW APPEARS FLEXIBLE AND CLEARLY REFLECTS BENEFIT FROM THE EXPERIENCE OF OTHER COUNTRIES, NOTABLY YUGOSLAVIA, WITH SUCH LEGISLATION. AMONG THE INCENTIVES OFFERED TO ATTRACT FOREIGN PARTNERS ARE:

--PARTICIPATION IN MANAGEMENT, INCLUDING PRODUCTION DECISIONS;

--NO STATED MAXIMUM PARTICIPATION IN EQUITY BY A FOREIGN PARTNER (MINIMUM PARTICIPATION IS SET AT 25 PERCENT);

--PROTECTION OF EQUITY, REPATRIATION OF PROFITS, AND TAX AND REINVESTMENT INCENTIVES; AND

--PERMISSION TO USE IMPORTED RAW MATERIALS (WITH SOME "BUY CHINA" PREFERENCES) AND TO SELL THE PRODUCT WITHIN CHINA.

IMPORTANT LIMITATIONS INCLUDE:

--CHINESE APPOINTMENT OF THE CHAIRMAN OF THE BOARD OF A VENTURE, ENSURING PARTNERSHIP (I.E., CONSENSUS) RATHER

T
HAN CORPORATE (VOTING SHARES) MANAGEMENT DECISIONS; AND

--A UNIQUE PROHIBITION--WITH PENALTIES--ON THE SUPPLYING OF
OBSOLETE TECHNOLOGY (WHICH COULD CONCEIVABLY CONFLICT WITH
US EXPORT CONTROL LAWS AND POLICIES IN SOME CASES).

(LOU) A NEWLY CREATED FOREIGN INVESTMENT CONTROL COMMIS-
SION--TO BE HEADED BY A WELL-KNOWN PRE-1949 INDUSTRIAL-
IST--WILL REVIEW JOINT VENTURE AGREEMENTS, PRESUMABLY AS
THEY RELATE TO CHINA'S ECONOMIC DEVELOPMENT PLANS. THE
CREATION OF A SUBSTANTIAL PRIVATE SECTOR WILL INTRODUCE
PROBLEMS THE HIDEBOUND CHINESE BUREAUCRACY HAS NEVER

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ENCOUNTERED BEFORE, AND THE FIRST FEW JOINT VENTURES WILL PROBABLY FACE MANY ADMINISTRATIVE PROBLEMS.

8. (LOU) EB - COMMODITY NEGOTIATIONS: NO SUMMER DOLDRUMS

(LOU) THIS SUMMER IS WITNESSING AN UNUSUALLY HIGH LEVEL OF ACTIVITY BOTH INTERNATIONALLY AND IN WASHINGTON ON OUTSTANDING COMMODITY ISSUES. THE MOST SIGNIFICANT DEVELOPMENTS INCLUDE:

-- COMMON FUND: UNCTAD-SPONSORED NEGOTIATIONS RESUME IN SEPTEMBER LOOKING TOWARDS CREATION OF THE COMMON FUND. IN TWO MEETINGS THIS MONTH, THE OECD'S AD HOC GROUP ON THE COMMON FUND IS REVIEWING DRAFT ARTICLES OF AGREEMENT PREPARED BY THE UNCTAD SECRETARIAT AND BASED ON THE FRAMEWORK AGREEMENT REACHED IN GENEVA LAST MARCH. THE U.S. REMAINS OPTIMISTIC THAT A VIABLE COMMON FUND CAN BE ESTABLISHED IN THE NEAR FUTURE--BUT A NUMBER OF POTENTIALLY DIFFICULT QUESTIONS REMAIN TO BE RESOLVED, INCLUDING THAT OF BLOC VOTING SHARES AND THE EXACT NATURE AND FINANCING OF THE FUND'S PROJECTED "SECOND WINDOW" FOR COMMODITY MEASURES OTHER THAN STOCKING.

-- COCOA: NEGOTIATIONS ARE NOW UNDER WAY TO DRAFT A NEW INTERNATIONAL AGREEMENT. PROGRESS HAS BEEN SLOW THUS FAR, WITH SUBSTANTIAL DIFFERENCE ON PRICE BETWEEN PRODUCING AND CONSUMING NATIONS. THE U.S. WAS NOT A MEMBER OF THE LAST COCOA AGREEMENT BUT HOPES TO BE ABLE TO JOIN THIS TIME. OUR ENTRY DEPENDS IN LARGE PART ON THE EVENTUAL STRUCTURE THAT A RENEGOTIATED COCOA AGREEMENT WILL TAKE. THE U.S. HAS ENCOURAGED INCREASED RELIANCE ON THE COCOA BUFFER STOCK RATHER THAN EXPORT CONTROLS AS A CENTRAL FEATURE OF ANY FUTURE AGREEMENT.

-- TIN: GSA STOCKPILE LEGISLATION HAS PASSED THE HOUSE, PROVIDING FOR DISPOSAL OF 35,000 TONS. FIVE THOUSAND TONS OF THIS WOULD GO TO THE INTERNATIONAL TIN BUFFER STOCK IN FULFILLMENT OF A 1977 PLEDGE MADE BY SECRETARY VANCE. THE BILL IS CURRENTLY UNDER COMMITTEE STUDY IN THE SENATE, WITH PROSPECTS FOR FLOOR ACTION AFTER THE AUGUST RECESS. AT THE SAME TIME, INTERNATIONAL TIN COUNCIL MEETINGS WHICH CONCLUDED LAST WEEK RAISED FLOOR, CEILING AND INTERVENTION PRICES SUBSTANTIALLY, OVER THE OBJECTION OF SEVERAL CONSUMING COUNTRIES INCLUDING THE U.S. THE ITC MEETING ALSO CONTINUED PREPARATORY WORK LOOKING TOWARDS NEGOTIATION OF A

SIXTH INTERNATIONAL TIN AGREEMENT NEXT YEAR.

-- SUGAR: U.S. RATIFICATION OF THE INTERNATIONAL SUGAR AGREEMENT (ISA) IS STILL BEING HELD UP PENDING ENACTMENT OF AN ACCEPTABLE DOMESTIC SUGAR SUPPORT PROGRAM. WORK ON SUCH A PROGRAM IS MOVING SLOWLY BUT A BILL SHOULD REACH THE HOUSE FLOOR BY SEPTEMBER. THE ADMINISTRATION HAS ASSURED ISA MEMBER COUNTRIES THAT THE AGREEMENT REMAINS A KEY PART OF U.S. SUGAR POLICY AND HAS USED EXISTING AUTHORITY TO RESTRICT SUGAR IMPORTS FROM NON-ISA SUPPLIERS AS WELL AS PAY OUR 1978 CONTRIBUTION TO THE ORGANIZATION.

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-- RUBBER: THE THIRD SESSION OF THE U.N. NEGOTIATING CONFERENCE ON NATURAL RUBBER MADE GOOD PROGRESS BUT ADJOURNED WITHOUT COMPLETING A FINAL TEXT ON THE FIRST INTERNATIONAL RUBBER AGREEMENT. THE MAJOR UNRESOLVED ISSUE IS FINANCING OF THE 550,000 TON BUFFER STOCK. THE CONFEREES AGREED THAT NEGOTIATIONS WOULD BE RESUMED "NOT LATER THAN SEPTEMBER 1979". WE BELIEVE THAT THE WORKABLE AGREEMENT WHICH IS IN SIGHT WILL MARK A SIGNIFICANT STEP IN OVERALL NORTH-SOUTH COMMODITY DISCUSSIONS.

-- COPPER: THE UNCTAD EXPERTS GROUP MEETING IN LATE JUNE-EARLY JULY CONTINUED TECHNICAL STUDY OF COPPER STABILIZATION MEASURES, BUT WAS UNABLE TO ISSUE RECOMMENDATIONS. DISCUSSION CENTERED ON BUFFER STOCK SCHEMES, WITH THE U.S. ALONE VIEWING A PURE BUFFER STOCK APPROACH AS POTENTIALLY FEASIBLE. THE NEXT PREPARATORY MEETING IS SCHEDULED FOR SEPTEMBER. THE U.S. CONTINUES WILLING TO DISCUSS POSSIBLE STABILIZATION ALTERNATIVES IN THIS FORUM, WITHOUT MAKING A JUDGEMENT FOR NOW ON WHETHER A SUFFICIENT BASIS EXISTS FOR EVENTUAL NEGOTIATIONS ON AN INTERNATIONAL COPPER AGREEMENT.

9. (U) PA - PUBLIC DOES NOT BELIEVE SALT WILL PERMIT CUTS IN DEFENSE SPENDING

(U) THE AMERICAN PUBLIC IS INCLINED TO BELIEVE THAT RATIFICATION OF SALT WOULD NOT WARRANT A REDUCTION IN U.S. DEFENSE SPENDING. EVEN SUPPORTERS OF THE TREATY DO NOT ENVISAGE IT AS A MEANS OF CUTTING THE DEFENSE BUDGET.

(U) A CBS POLL CONDUCTED IN EARLY JUNE SHOWED A PLURALITY OF THE PUBLIC (49 PERCENT) REJECTED THE IDEA THAT PASSAGE OF THE TREATY WOULD PERMIT CUTS IN DEFENSE SPENDING. OPPOSITION TO DEFENSE CUTS CAME FROM SUPPORTERS OF SALT AS WELL AS FROM THOSE WHO OPPOSED THE TREATY. CBS ASKED THIS QUESTION:

"IF THERE IS A SALT TREATY WITH THE SOVIET UNION, DO YOU THINK THE UNITED STATES SHOULD OR SHOULD NOT CUT DEFENSE SPENDING?"

--	OPINION ON SALT			
--	TOTAL			
--	PUBLIC	FAVOR	OPPOSE	UNDECIDED,

--	(27 PERCENT	(9 PER-	NO OPINION
--	OF PUBLIC)	CENT)	(64 PERCENT)

CUT DEFENSE SPENDING		(IN PERCENT)			
SHOULD NOT	49	54	73	43	
SHOULD	34	41	25	33	
NO OPINION	17	5	2	24	

(U) THE 34 PERCENT OF THE PUBLIC WHO WERE DISPOSED TO CUTTING DEFENSE SPENDING IF SALT WERE RATIFIED IS
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ABOUT TWICE AS LARGE AS THE PROPORTION THAT FAVORED REDUCED DEFENSE SPENDING ON A DIFFERENT QUESTION ASKED BY CBS IN JANUARY. CBS ASKED: "SHOULD FEDERAL SPENDING ON MILITARY AND DEFENSE PROGRAMS BE INCREASED, BE REDUCED, OR KEPT ABOUT THE SAME?"

INCREASED	34
KEPT SAME	47
REDUCED	16
NO OPINION	3

(U) WE DO NOT BELIEVE THAT THE PUBLIC'S ATTITUDES TOWARD DEFENSE SPENDING HAVE SUBSTANTIALLY ALTERED SINCE JANUARY. THE LARGER PROPORTION IN FAVOR OF REDUCED DEFENSE SPENDING ON CBS' JUNE POLL CAN BE EXPLAINED BY TWO MAJOR DIFFERENCES IN THE WORDING OF THE QUESTIONS: (1) IN JUNE, CBS ASKED ABOUT CUTTING DEFENSE SPENDING IN CASE OF SALT RATIFICATION, IN CONTRAST TO A MORE NEUTRAL QUESTION USED IN JANUARY; AND (2) CBS' JUNE POLL OFFERED RESPONDENTS ONLY TWO OPTIONS--CUTTING OR NOT CUTTING DEFENSE SPENDING. SOME OF THOSE WHO SAID IN JUNE THAT THE U.S. "SHOULD CUT" DEFENSE SPENDING MIGHT HAVE RESPONDED "KEEP SPENDING THE SAME," IF THEY HAD BEEN GIVEN THREE ALTERNATIVES AS IN JANUARY.

(U) THE DESIRE TO CUT MILITARY SPENDING HINGES LESS ON PASSAGE OF SALT THAN ON THE PUBLIC'S VIEWS OF HOW U.S. MILITARY POWER WILL COMPARE WITH THAT OF THE USSR AFTER SALT. THOSE WHO EXPECT SALT TO LEAVE THE U.S. AND THE USSR ABOUT EQUAL MILITARILY ARE EVENLY DIVIDED ON WHETHER TO CUT THE DEFENSE BUDGET. THOSE WHO EXPECT THE U.S. TO BE WEAKER AFTER SALT OPPOSE DEFENSE CUTS BY NEARLY THREE-TO-ONE.

10. (U) EA - GENEVA REFUGEE CONFERENCE (GDS 7/25/85)

(C) THE UN CONFERENCE ON INDOCHINESE REFUGEES CALLED FOR BY UN SECRETARY GENERAL WALDHEIM AND HELD IN GENEVA JULY 20-21 MADE SUBSTANTIAL PROGRESS TOWARD ITS HUMANITARIAN OBJECTIVES. IT REMAINS TO BE SEEN, HOWEVER, WHETHER VIETNAM WILL PROVIDE THE PROTECTION OF HUMAN RIGHTS AND LIVELIHOOD FOR ITS PEOPLE AND WHETHER IT IS WILLING TO SEEK A POLITICAL RATHER THAN MILITARY SOLUTION IN KAMPUCHEA.

(C) THE UNITED STATES ROLE WAS CENTRAL TO THE SUCCESS. VICE PRESIDENT MONDALE LED A DISTINGUISHED GROUP OF GOVERNERS, CONGRESSMEN AND LEADERS FROM THE PRIVATE SECTOR TO THE CONFERENCE. IN HIS ELOQUENT SPEECH AND PRIVATE

MEETINGS WITH FIFTEEN FOREIGN MINISTERS AND SECRETARY
GENERAL WALDHEIM, THE VICE PRESIDENT MADE IT STARKLY CLEAR
THAT THE TIME HAD COME TO CONFRONT THIS TRAGEDY OF AWFUL
HUMAN AND POLITICAL PROPORTIONS. HE CHALLENGED OTHERS TO
FOLLOW THE EXAMPLE SET BY THE U.S. AND JAPAN IN MAKING
CONCRETE SIGNIFICANT OFFERS FOR MORE REFUGEE RESETTLEMENT
AND FINANCIAL SUPPORT FOR TEMPORARY ASYLUM. HE EXPLAINED
WHAT WE WERE DOING AND WHAT WE THOUGHT OTHERS SHOULD DO IN
SEARCH AND RESCUE FOR REFUGEE BOATS IN DISTRESS AND IN
PROVIDING FOR ADDITIONAL REFUGEE PROCESSING CENTERS TO
LESSEN IMMEDIATE PRESSURES IN FIRST ASYLUM COUNTRIES. HE
URGED THAT ALL PRESENT PRESS AHEAD STRONGLY BOTH FOR A
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CHANGE IN VIETNAM'S POLICY TOWARD ITS OWN PEOPLE AND FOR A POLITICAL SOLUTION AND AN END OF CONFLICT IN KAMPUCHEA.

(C) FOLLOWING US LEAD, THE CONFEREES AS A BODY MADE A SUBSTANTIAL HUMANITARIAN GESTURE COMMENSURATE WITH THE PRESIDENT'S TOKYO PLEDGE TO DOUBLE OUR REFUGEE INTAKE FROM 7,000 TO 14,000 A MONTH. THE NATIONS OF THE WORLD AGREED TO INCREASE THE NUMBER OF WORLDWIDE RESETTLEMENT PLACES AVAILABLE FOR REFUGEES FROM ROUGHLY 125,000 TO OVER 260,000. AN ADDITIONAL 190 MILLION DOLS WAS PLEDGED TO SUPPORT THE BUDGET OF THE UN HIGH COMMISSIONER FOR REFUGEES. JAPAN PLAYED A VITAL ROLE FINANCIALLY, HAVING PLEDGED AN ADDITIONAL AMOUNT OF 50 PERCENT OF THE UNHCR SOUTHEAST ASIA PROGRAM BUDGET. THE PHILIPPINES MADE ANOTHER EXTRAORDINARY GESTURE IN OFFERING A SITE FOR A REFUGEE PROCESSING CENTER TO ACCOMMODATE 50,000 REFUGEES WHICH WILL HELP RELIEVE PRESSURES ON MALAYSIA AND THAILAND.

(C) MUCH REMAINS TO BE DONE NOT ONLY ON THE HUMANITARIAN SIDE BUT ALSO ON THE POLITICAL QUESTION WHETHER VIETNAM CAN BE PERSUADED TO PROVIDE ITS PEOPLE REASONABLE ALTERNATIVES WHICH DO NOT FORCE THEM TO FLEE AND TO REGULARIZE THE FLOW OF THOSE WHO WISH TO LEAVE. WE HAVE NOT YET LEARNED THE

DETAILS OR SIGNIFICANCE OF THE VIETNAMESE INDICATION TO SECRETARY GENERAL WALDHEIM THAT THEY WOULD STOP "ILLEGAL DEPARTURES" FOR A "REASONABLE TIME." WE HAVE RESERVATIONS ABOUT VIETNAM'S INTENTIONS BUT HANOI IS COMING UNDER GROWING PRESSURE FROM WORLD OPINION. WE REMAIN INTERESTED IN THE POSSIBILITIES OF A SECURITY COUNCIL SESSION ON THE OVERALL SITUATION IN INDOCHINA, I.E., INCLUDING THE POSSIBILITY OF A POLITICAL SETTLEMENT IN KAMPUCHEA. WE WILL BE CONSULTING WITH OTHER GOVERNMENTS AND CAREFULLY REVIEWING THE SITUATION IN THE REGION AS WE DECIDE HOW TO PROCEED. VANCE

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TO INTSUM COLLECTIVE PRIORITY

INFO RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2540

RUEKJCS/DOD/ISA PRIORITY

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SECRET SECTION 01 OF 03 STATE 193402/01

E.O. 12065:GDS 7/25/85 (ROBERTS, SAMUEL)

TAGS: EG, IS, PINR

SUBJECT: INTSUM 860 - JULY 25, 1979

LONDON FOR GLASPIE

PARIS FOR NICHOLAS MURPHY

DOD/ISA FOR RANSOM

OTHER ADDRESSEES FOR CHIEFS OF MISSION

WARNING NOTICE SENSITIVE SOURCES AND METHOD INVOLVED NOT
RELEASABLE TO FOREIGN NATIONALS

(PARAGRAPHS 1-8 CONFIDENTIAL)

1. BEGIN'S CURRENT ILLNESS INEVITABLY RAISES THE ISSUE OF THE SUCCESSION. WHILE BEGIN MAY WELL BE ABLE TO RETURN TO OFFICE AND THE FULL EXERCISE OF HIS DUTIES, IT IS ALSO NOT IMPOSSIBLE THAT HE MIGHT BE PARTIALLY OR COMPLETELY INCAPACITATED IN THE NEAR FUTURE. IN THAT EVENT, MINISTER OF DEFENSE WEIZMAN HAS THE BEST CHANCE TO EMERGE AS THE SUCCESSOR IN A BITTERLY CONTESTED STRUGGLE.

2. UNDER ISRAELI LAW, THE DEATH OR RESIGNATION OF THE PRIME MINISTER AUTOMATICALLY CONSTITUTES THE RESIGNATION OF THE ENTIRE CABINET. IN THESE CIRCUMSTANCES, HOWEVER, IT WOULD CONTINUE TO SERVE IN A CAREAKER CAPACITY UNTIL A NEW GOVERNMENT CAN BE FORMED. SHOULD BEGIN RESIGN BECAUSE OF ILL-HEALTH, OR SHOULD HE DIE, DEPUTY PRIME MINISTER YADIN WOULD SERVE AS CARETAKER. SHOULD AN INCAPACITATED BEGIN DECLINE TO RESIGN, YADIN WOULD NOMINALLY ACT IN BEGIN'S STEAD. IN THAT CASE, MAJOR POLICY DECISIONS WOULD BE A VIRTUAL IMPOSSIBILITY.

3. IF BEGIN LEAVES THE SCENE, THE MOST IMMEDIATE QUESTION WOULD BE WHETHER THE COALITION COULD REMAIN INTACT, THEREBY OBVIATING THE NEED FOR NEW ELECTIONS. THE SECOND PRESSING QUESTION WOULD BE THE RESOLUTION OF THE COMPETITION FOR THE SUCCESSION.

4. THE PROSPECTS ARE THAT THE COALITION WOULD SURVIVE FOR A TIME AT LEAST. TENSIONS WITHIN THE COALITION, HOWEVER, HAVE BEEN ENDEMIC. BEGIN HAS BEEN ABLE TO

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CONTAIN THEM THANKS TO HIS UNIQUE STANDING WITHIN HERUT, HIS RELATIONSHIP WITH EHRLICH, AND HIS RESIDUAL CREDIBILITY WITH THE NATIONAL RELIGIOUS PARTY (NRP). ANY SUCCESSOR WOULD HAVE CONSIDERABLE DIFFICULTY IN KEEPING THE COALITION TOGETHER. THERE IS A GREAT DEAL OF HOSTILITY BETWEEN HERUT AND THE LIBERAL PARTY, AND SHARP POLICY DIFFERENCES AS WELL.

5. WITHIN THE NRP, THERE ARE MANY WHO WOULD BE PLEASED TO RETURN TO THE HISTORIC CONNECTION WITH LABOR. EVEN WITHIN THE RANKS OF THOSE WITHIN THE NRP WHO PROMOTED THE ESTABLISHMENT OF THE COALITION WITH THE LIKUD, DISGRUNTLEMENT IS DEEP AND WIDESPREAD.

6. IF BEGIN'S SUCCESSOR WERE UNABLE TO KEEP THE COALITION TOGETHER, NEW ELECTIONS WOULD PROBABLY BE UNAVOIDABLE. THEY WOULD BE LIKELY TO FAVOR LABOR. A NEW LABOR-LED COALITION, HEADED BY PERES, COULD RESULT, PROVIDED THAT PERES WERE ABLE TO PROVIDE MINIMAL SATISFACTION TO THE NRP ON THE ISSUES OF THE WEST BANK AND SETTLEMENTS.

7. IF THE COALITION HUNG TOGETHER, THE KEY QUESTION WOULD BE WEIZMAN'S ABILITY TO SECURE THE SUCCESSION. ALTHOUGH VERY POPULAR WITH THE MAN IN THE STREET, WEIZMAN'S DOVISH STANCE HAS CREATED WIDESPREAD ANTAGONISM WITHIN HERUT. POSSIBLE ALTERNATIVES TO WEIZMAN--MINISTER OF AGRICULTURE SHARON, KNESSET SPEAKER YITZHAK SHAMIR, OR

CHAIRMAN OF THE KNESSET DEFENSE AND FOREIGN AFFAIRS COMMITTEE MOSHE ARENS--ALL HAVE STRIKES AGAINST THEM. NEVERTHELESS, EACH HAS A REASONABLE CHANCE TO SUCCEED.

8. IT IS ALSO POSSIBLE THAT A DARK HORSE WOULD PREVAIL, AS WAS THE CASE WITH THE SUCCESSOR TO LEVI ESHKOL IN 1969. INDEED, A PUBLIC OPINION POLL CONDUCTED SEVERAL WEEKS BEFORE ESHKOL'S DEATH SHOWED THAT LESS THAN 1 PERCENT FAVORED MRS. MEIR, WHO SUCCEEDED HIM.

9. (U) ISRAELI COURT-SETTLEMENT ACTIVITY: AP REPORTED THAT THE ISRAELI SUPREME COURT JULY 24 ORDERED A HALT TO PRELIMINARY WORK ON A NEW JEWISH SETTLEMENT NEAR BETHLEHEM. ARAB FARMERS HAD COMPLAINED TO THE COURT THAT THE MILITARY GOVERNMENT WAS MEASURING 50 ACRES OF LAND FOR EVENTUAL CONSTRUCTION OF A NEW SETTLEMENT CALLED EFRAT. NEWS REPORTS SAID ABOUT 100 ORTHODOX JEWISH FAMILIES, MOSTLY FROM THE US, WERE WAITING TO MOVE INTO EFRAT. RADIO ISRAEL SAID THE ATTORNEY FOR THE GOVERNMENT DID NOT OPPOSE THE INJUNCTION BUT IS AWAITING A DEFINITIVE COURT DECISION ON THE LEGALITY OF SUCH LAND SEIZURES. TWO SIMILAR CASES ARE BEFORE THE SUPREME COURT INVOLVING THE VILLAGE OF SALFIT AND THE JEWISH SETTLEMENT OF ELON MOREH NEAR NABLUS. IN EACH CASE THE MILITARY GOVERNMENT MUST PROVE THAT THE NEW SETTLEMENT IS ESSENTIAL TO ISRAELI SECURITY. IN A LANDMARK DECISION

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S E C R E T SECTION 02 OF 03 STATE 193402/02

EARLIER THIS YEAR, THE COURT RULED THAT THE MILITARY GOVERNMENT HAD THE RIGHT TO REQUISITION PRIVATE LAND FOR CIVILIAN SETTLEMENT IF THE SETTLEMENT CLEARLY SERVED STATE SECURITY. MEANWHILE, REUTE, REPORTED THAT ABOUT 200 BEDOUIN DEMONSTRATED JULY 4 IN JERUSALEM AGAINST WHAT THEY CLAIMED WAS INADEQUATE COMPENSATION FOR GOVERNMENT SEIZURE OF THEIR PASTURE LAND.

10. (U) ISRAEL-PRESS REVIEW: ON JULY 24, THE ISRAELI MEDIA HIGHLIGHTED DEPARTMENT SPOKESMAN HODDING CARTER'S 'STRONGEST CONDEMNATION TO DATE' AND 'EXCEPTIONALLY SHARP REACTION, TO ISRAEL'S AIR ATTACKS AGAINST SOUTH LEBANON. ALSO PROMINENTLY FEATURED IS THE 'OPEN CLASH' BETWEEN WASHINGTON AND JERUSALEM OVER THE STATIONING OF SINAI OBSERVERS. DAVAR'S POLITICAL CORRESPONDENT WRITES THAT 'THE DECISION TO OPPOSE THE STATIONING OF UN OBSERVERS IN THE SINAI... WAS TAKEN AT FOREIGN MINISTER DAYAN'S DEMAND AND IN THE ABSENCE OF DEFENSE MINISTER EZER WEIZMAN. IT REPRESENTS A CHANGE IN THE POSITION PREVIOUSLY ADOPTED BY GOVERNMENT ELEMENTS IN CONTACTS WITH THE UNITED STATES. HOWEVER, AL-HAMISHMAR CITES INFORMED SOURCES SAYING THAT BEGIN AND DAYAN ALREADY MADE ISRAEL'S POSITION CLEAR TO THE US ASSISTANT SECRETARY OF STATE

FOR INTERNATIONAL ORGANIZATIONS THREE MONTHS AGO DURING HIS VISIT TO ISRAEL.

11. (U) WEIZMAN-HASSAN ALI: ISRAELI DEFENSE MINISTER EZER WEIZMAN AND HIS EGYPTIAN COUNTERPART, KAMAL HASSAN ALI, WILL MEET NEXT WEEK IN HAIFA TO DISCUSS JOINT SECURITY ISSUES, ACCORDING TO AN EGYPTIAN DEFENSE MINISTRY ANNOUNCEMENT. THE EGYPTIAN ANNOUNCEMENT ALSO SAID THE TWO MEN WOULD DISCUSS ARRANGEMENTS FOR DEPLOYING A UN FORCE IN THE SINAI, ONCE THE TWO SIDES REACHED AGREEMENT ON THE ISSUE. IT IS ALSO REPORTED THAT GENERAL ALI WILL MAKE AN EXPLORATORY TOUR OF THE WEST BANK AND ARAB JERUSALEM DURING THE VISIT PREPARATORY TO DISCUSSING SECURITY

ARRANGEMENTS DURING THE AUTONOMY NEGOTIATIONS.

12. (U) SADAT-UN-SINAI: SADAT SAID JULY 24 THAT THE US, EGYPT AND ISRAEL WOULD SOON AGREE TO A FORMULA FOR MAINTAINING A UN PRESENCE IN THE SINAI. "I DON'T SEE IT AS A MATTER OF DIFFERENCE AND IT SHOULD NOT BE," SADAT SAID AFTER MEETING WITH VISITING ISRAELI LABOR PARTY LEADER SHIMON PERES.

13. (U) EGYPT-AUTONOMY NEGOTIATIONS: ACCORDING TO CAIRO RADIO, MINISTER OF STATE BUTRUS GHALI HELD A PRESS CONFERENCE IN GENEVA JULY 23, DURING WHICH HE SAID THAT IF AUTONOMY TALKS DO NOT ACHIEVE TANGIBLE RESULTS IN THE NEXT FEW MONTHS, IT WOULD BE NECESSARY TO FIND OTHER DIPLOMATIC MEANS. HE NOTED THAT IN HIS SPEECH IN MONROVIA, PRESIDENT SADAT SAID EGYPT IS PREPARED TO CALL FOR AN INTERNATIONAL CONFERENCE IN AL-ARISH WITH THE PARTICIPATION OF THE UNITED STATES AND THE SOVIET UNION IN ORDER TO REACH A NEW FORMULA FOR SOLVING THE PALESTINE PROBLEM. BUTRUS GHALI WAS REPLYING TO A QUESTION CONCERNING VICE PRESIDENT MUBARAK'S SPEECH THE PREVIOUS DAY IN WHICH HE WARNED OF SERIOUS DIFFICULTIES IF AUTONOMY NEGOTIATIONS DO NOT ACHIEVE SPECIFIC RESULTS BEFORE THE END OF THE YEAR.

14. (C) USUN VOTE-ARAB REACTIONS: IN COMMENTING BEFORE THE SECURITY COUNCIL ON THE VOTE ON UNSC RESOLUTION 452 ON ISRAELI SETTLEMENT IN THE OCCUPIED TERRITORIES KUWAITI REPRESENTATIVE BISHARA CALLED THE US POSITION ,DISCOURAGING.- HE STATED THAT IT IS A VOTE THAT MAKES ,THE MODERATE RADICAL, THE RADICAL INSANE, AND THE INSANE BERSERK IN OUR AREA.' HE CLAIMED THAT HE AND OTHER ARAB DELEGATIONS HAD GONE TO GREAT LENGTHS TO TRY TO DRAFT A RESOLUTION THE US WOULD FIND ACCEPTABLE AND CHARGED THAT OUR ABSTENTION WAS DICTATED BY "POWER POLITICS AND WAS "CALLOUS., HE ASSERTED THAT THE US

RARELY VOTED "POSITIVELY" ON MIDDLE EAST ISSUES AT THE UN. SIMILARLY, KING HUSSEIN EXPRESSED TO AMBASSADOR VELIOTES HIS PROFOUND REGRET AND SURPRISE AT OUR ABSTENTION. HE NOTED THAT IT IS IMPOSSIBLE FOR OUR FRIENDS TO UNDERSTAND US FAILURE TO ENDORSE A RESOLUTION WHICH THE ARAB COUNTRIES WORKED SO HARD TO MAKE ACCEPTABLE TO US. ~~THE ARAB COUNTRIES~~ ~~WAS~~ ~~THE~~ ~~AMBASSADOR'S~~ ~~DEFENSE~~ ~~OF~~ ~~THE~~ ~~VOTE.~~

15. (S) ASSAD-HUSSEIN MEETING: ON JULY 23, KING HUSSEIN GAVE AMBASSADOR VELIOTES A BRIEFING ON HIS MEETING WITH PRESIDENT ASSAD ON JULY 21. HUSSEIN OBSERVED THAT THE

INTERNAL SYRIAN SITUATION WAS NOT QUITE AS BAD AS HE HAD
FEARED. THE ALEPPO MASSACRE HAD SHOCKED ASSAD INTO
APPRECIATING THE SEVERITY OF HIS DOMESTIC PROBLEMS.
HUSSEIN NOTED THAT THE SYRIANS APPEAR CONVINCED THAT THE
ISRAELIS, EGYPTIANS AND THE US WERE MANIPULATING THE
ISLAMIC EXTREMISTS IN SYRIA. ASSAD'S THEORY WAS THAT THE
US WAS TRYING TO 'AWAKEN THE ISLAMIC GIANT' TO CONFRONT
SOVIET GAINS IN AFGHANISTAN AND THE HORN OF AFRICA BUT
THAT IN IRAN THINGS HAD GOTTEN OUT OF HAND. ASSAD ALSO
RAISED WITH HUSSEIN THE ALLEGATION THAT JORDAN IS
HARBORING MUSLIM BROTHERHOOD FANATICS. (THE BROTHERHOOD
IS LEGAL IN JORDAN.)

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16. (C) EGYPT-:CWA: US MISSION GENEVA REPORTS THAT CONSIDERATION OF AN ECONOMIC COMMITTEE FOR WEST ASIA (ECWA) PROPOSAL TO SUSPEND EGYPT'S MEMBERSHIP HAS BEEN POSTPONED. AT THE SAME TIME, EGYPT'S MEMBERSHIP WAS REAFFIRMED. THE EGYPTIANS ACCEPTED A COMPROMISE RATHER THAN PRESSING FOR A VOTE, HOWEVER, THE US MISSION SAYS THE ISSUE WILL COME UP AGAIN.

17. (U) LEBANON: ISRAEL-INCURSION: AN ISRAELI MILITARY COMMUNIQUE REPORTED THAT AN ISRAELI FORCE ENTERED THE SOUTHERN LEBANESE VILLAGE OF MAJDAL SLIM (IN THE IRISH SECTOR) AND BLEW UP A HOUSE. A MILITARY SPOKESMAN SAID THE HOUSE HAD BEEN USED BY PALESTINIAN GUERRILLAS AS A BASE FOR OPERATIONS AGAINST ISRAELI AND CHRISTIAN VILLAGES. BEIRUT RADIO REPORTS THAT 0130 JULY 24 THE ISRAELI FORCE ENTERED THE TOWN, SEARCHED A NUMBER OF HOUSES, AND DYNAMITED ONE PRIOR TO WITHDRAWING. ISRAELI GROUND FORCES INVADED THE SAME VILLAGE ON JULY 6 AND KILLED SEVERAL MEN.

18. (C/NF) ISRAELI AIR STRIKES-MORE REPORTS: A SOURCE CORRESPONDENT CHECKED HOSPITALS IN THE VICINITY OF THE ISRAELI AIR RAIDS JULY 22. HE REPORTEDLY FOUND THREE PALESTINIANS DEAD, AND 15-18 LEBANESE MEN, WOMEN AND CHILDREN DEAD OR INJURED IN THE ATTACK ON SARAFAND. THE SOURCE SAID THE ATTACK HIT AN AREA FILLED WITH CHRISTIANS ON SUNDAY AFTERNOON PICNICS. ACCORDING TO THE SOURCE, THE BRITISH AMBASSADOR TO LEBANON WATCHED THE ATTACKS ON DAMOUR. TWO ISRAELI PLANES MADE FIVE PASSES. SYRIAN AIRCRAFT ARRIVED AFTER THE ISRAELIS HAD GONE.
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C O N F I D E N T I A L SECTION 01 OF 02 STATE 195945/01

E.O. 12065: GDS 7/27/85 (HARRIS, GEORGE)

TAGS: EG, IS, PINR

SUBJECT: INTSUM 862 - JULY 27, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

WARNING NOTICE SENSITIVE SOURCES AND METHOD INVOLVED NOT
RELEASABLE TO FOREIGN NATIONALS

(PARAGRAPHS 1-10 CONFIDENTIAL)

1. ISRAEL'S ECONOMIC PROBLEMS: DISCONTENT WITH MISMANAGEMENT OF ECONOMIC POLICY HAS FLARED TO -A NEW HIGH IN ISRAEL FOLLOWING FAILURE OF A SPECIALLY CONVENED CABINET MEETING LAST WEEK TO TACKLE THE ISSUE OF ELIMINATING CONSUMER SUBSIDIES. THESE SUBSIDIES ARE A MAJOR ELEMENT IN THE SWOLLEN BUDGET DEFICITS-WHICH ARE FUELING ISRAEL'S HYPER-INFLATION. THE ECONOMIC IMPERATIVE-OF ELIMINATING OR-DRASTICALLY CUTTING THEM IS ACKNOWLEDGED BY ALMOST EVERYONE IN THE COUNTRY; YET THE GOVERNMENT HAS REMAINED PARALYZED BY PARTISAN INFIGHTING AND FEAR OF POLITICAL

REPERCUSSIONS. ALTHOUGH THE IMMEDIATE ISSUE IS SUBSIDIES, THE LEVEL OF PUBLIC OUTRAGE ULTIMATELY IS DUE TO FRUSTRATION WITH THE LACK OF LEADERSHIP IN ECONOMIC POLICY.

2. THE CABINET -MEETING ON JULY 17 AS ONLY THE LATEST IN A SERIES OF ATTEMPTS BY FINANCE MINISTER EHRLICH TO COME TO-GRIPS WITH ISRAEL'S ECONOMIC PROBLEMS. EHRLICH, HOWEVER, FAILED TO DO HIS HOMEWORK, AND HIS SUPPORT MELTED AWAY EVEN BEFORE THE MEETING BEGAN. AS A RESULT, HE WAS FORCED TO DROP HIS CONCRETE PROPOSALS, AND THE MEETING WAS CONVERTED TO A "THEORETICAL DISCUSSION" OF THE SUBSIDIES ISSUE. IN THE END, THE CABINET DECIDED IN PRINCIPLE TO LET FUEL AND IMPORTED BEEF PRICES RISE BUT REFERRED FURTHER ACTION ON SUBSIDIES IN GENERAL TO A SPECIAL COMMITTEE.

3. DESPITE GALLOPING INFLATION, ISRAELIS AS INDIVIDUALS ARE FARING-WELL. REAL INCOME AND PRIVATE CONSUMPTION CONTINUE TO INCREASE. FULL EMPLOYMENT PREVAILS, WITH LABOR SHORTAGES IN MANY SECTORS. EVEN SO, THE PUBLIC MOOD IS ANXIOUS AND SUSPICIOUS, AND INFLATION RIVALS FOREIGN POLICY AS THE LEADING TOPIC OF PUBLIC CONCERN. AT THE SAME TIME, NO ONE IS PREPARED TO ACCEPT AUSTERITY OR SELF-SACRIFICE. EHRLICH HAS-TRIED FOR SIX MONTHS TO SELL ANTI-INFLATION PROGRAMS, BUT THE PACKAGE FINALLY ADOPTED IN MAY-CONSISTED OF LITTLE MORE THAN COSMETIC ADJUSTMENTS IN THE BUDGET AND SOME CUTS IN INVESTMENT SUBSIDIES.

4. THE ROOT CAUSES OF ISRAEL'S INFLATION ARE EXCESSIVE GOVERNMENT SPENDING--THE BUDGET APPROXIMATES AND SOMETIMES EXCEEDS THE GROSS NATIONAL PRODUCT--AND A POLICY OF MAINTAINING HIGH LEVELS OF PRIVATE CONSUMPTION. THE INFLATION RATE WAS OVER 40 PERCENT LAST YEAR. IT HAS ACCELERATED SHARPLY IN RECENT MONTHS AND IS NEARING 100 PERCENT AS THE DOMESTIC COSTS OF THE SINAI REDEPLOYMENT P-T ADDITIONAL DEMANDS ON AN ECONOMY IN WHICH NO EXCESS CAPACITY EXISTS.

5. THE PUBLIC SO FAR HAS BEEN LARGELY INSULATED BY A WIDESPREAD SYSTEM OF INDEXATION OF WAGES AND SAVINGS, CONSUMER SUBSIDIES, AND SOCIAL SERVICES. NEVERTHELESS, HYPERINFLATION TENDS TO WIDEN THE GAP BETWEEN PROPERTY HOLDERS AND THE POOR, TO DISCOURAGE CAPITAL INVESTMENT, AND TO INCREASE THE TRADE DEFICIT. ISRAEL'S CURRENT ACCOUNT DEFICIT IS GROWING RAPIDLY (TO A PROJECTED \$4 BILLION FOR 1979, COMPARED TO \$3.4 BILLION IN 1978 AND \$2.6 BILLION IN 1977).

6. DESPITE THESE PRESSURES THE SHORT-TERM PROSPECTS ARE FOR LITTLE CHANGE IN POLICY. CAPITAL INFLOWS--NOTABLY US AID--HAVE MORE THAN BALANCED THE CURRENT ACCOUNT DEFICITS. ALTHOUGH FOREIGN DEBT (CURRENTLY NEARING \$13 BILLION) IS PILING UP RAPIDLY, ITS PROFILE AND REPAYMENT TERMS ARE FAVORABLE. REAL GNP REMAINS IN A 6 TO 8 PERCENT GROWTH RANGE. WITH NO IMMEDIATE CRISIS IN SIGHT, IT IS LIKELY THAT POLICY MAKERS AND THE PUBLIC WILL CONTINUE TO MOAN AND GROAN AND TO SNIPE AT ONE ANOTHER BUT TO AVOID TAKING THE STEPS--I.E., SHARP CUTS IN THE GOVERNMENT BUDGET, AND A SUBSTANTIAL REDUCTION IN THE STANDARD OF LIVING--THAT WOULD BE NEEDED.

7. THE POLITICAL IMPLICATIONS OF THE WORSENING INFLATIONARY SITUATION ARE REFLECTED IN DECLINING POLITICAL STRENGTH FOR THE LIKUD AS MEASURED IN PUBLIC OPINION POLLS AND A DROP IN BEGIN'S PUBLIC RATING. (WIDESPREAD PUBLIC DISCONTENT OVER LABOR'S MANAGEMENT OF THE ECONOMY WAS A MAJOR FACTOR IN LABOR'S FALL FROM POWER IN 1977.)

8. DISSENSION BETWEEN HERUT AND THE LIBERALS CONSTITUTES A MAJOR SOURCE OF THE CABINET'S PARALYSIS IN DEALING WITH THE ECONOMIC PROBLEM. HERUT, WHOSE ELECTORAL SUPPORT RESTS ON THE LOWER INCOME, PREDOMINANTLY BLUE COLLAR SEPHARDIC CONSTITUENCY, BRIDLES AT THE PROSPECT OF REMOVING SUBSIDIES OR TAKING OTHER ACTIONS THAT WOULD RUN COUNTER

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C O N F I D E N T I A L FINAL SECTION OF 02 STATE 195945/02 7 JUL 79

TO THE ECONOMIC INTERESTS OF THIS COMMUNITY.

9. THE POPULIST TONE OF HERUT'S ECONOMIC STANCE IS IN SHARP CONTRAST TO THE FREE-ENTERPRISE APPROACH OF THE LIBERALS. FOR THEIR PART, THE LIBERALS WANT TO ACHIEVE AT LEAST SOME OF THEIR POLICY OBJECTIVES IN THIS GOVERNMENT. THE POLICY CONFLICT WITH HERUT COMES ON TOP OF CONTINUING PATRONAGE DISPUTES--AND EXACERBATES TENSIONS BETWEEN THE TWO PRINCIPAL PARTNERS IN THE LIKUD. IT WILL BE VERY DIFFICULT FOR THIS GOVERNMENT TO AVOID A FURTHER EROSION OF PUBLIC SUPPORT OVER THE ECONOMIC SITUATION IN COMING MONTHS IN VIEW OF THE INSUPERABLE POLITICAL OBSTACLES TO TAKING DECISIVE ECONOMIC STEPS.

10. ISRAEL-HEBRON: THE MILITARY GOVERNMENT HAS ESTABLISHED SEWAGE, ELECTRICITY AND WATER SERVICES TO THE FORMER HADDASAH CLINIC (1929) WHERE SOME 50 WOMEN AND CHILDREN FROM THE JEWISH SETTLEMENT OF KIRYAT ARBA HAVE BEEN SQUATTING FOR THE LAST THREE MONTHS. EMBASSY TEL AVIV COMMENTS THAT THIS REPRESENTS ONE MORE STEP IN THE NOW FAMILIAR PROCESS WHEREBY NOMINAL OFFICIAL OPPOSITION TO GUSH EMUNIM SQUATTERS IS GRADUALLY ERODED TO THE POINT WHERE WHAT BEGAN AS ILLEGAL "DEFIANCE" OF THE GOVERNMENT EVENTUALLY RECEIVES

OUTRIGHT LEGITIMACY. THE EMBASSY BELIEVES IT IS ONLY A MATTER OF TIME BEFORE ISRAELIS ARE OFFICIALLY PERMITTED TO LIVE IN THE HEART OF HEBRON. IF THIS PROVES TRUE, WE BELIEVE IT MAY ESTABLISH A PRECEDENT THAT WILL BE UTILIZED BY THE GUSH ELSEWHERE, SUCH AS IN NABLUS.

(PARAGRAPHS 11-15 UNCLASSIFIED)

11. ISRAEL-SETTLEMENTS: ISRAELI MEDIA JULY 26 FEATURED A BLUEPRINT SUBMITTED BY THE CO-CHAIRMAN OF THE WORLD ZIONIST ORGANIZATION'S SETTLEMENT DEPARTMENT TO ENCIRCLE NABLUS WITH ABOUT 16 JEWISH SETTLEMENTS WITHIN THE COMING YEAR. THE CO-CHAIRMAN SAID HIS PLAN HAD NOT BEEN FORMALLY SUBMITTED TO AUTHORITIES.

12. BEGIN'S HEALTH: ISRAELI RADIO REPORTED JULY 26 THAT BEGIN WILL REMAIN HOSPITALIZED IN THE NEUROLOGICAL WARD OF HADDASAH HOSPITAL FOR AN UNDETERMINED PERIOD. (DOCTORS HAD PREVIOUSLY SAID 10 DAYS TO TWO WEEKS HOSPITALIZATION WAS NEEDED.) VISITORS ARE REPORTEDLY RESTRICTED TO FAMILY AND CLOSE AIDES DUE TO THE PRIME MINISTER'S NEED FOR ABSOLUTE REST.

13. US-JERUSALEM PROPOSALS: NEWSPAPERS IN JORDAN AND SAUDI ARABIA HAVE REPORTED THAT A US ENVOY MAY TOUR ARAB CAPITALS TO PRESENT US PROPOSALS ON JERUSALEM. THE ARAB NEWS (SAUDI ARABIAN) SAID AMBASSADOR STRAUSS HINTED AT THIS POSSIBILITY JULY 23. THE JORDANIAN PAPER, AL-RAY, SAID "OFFICIAL SOURCES" IN WASHINGTON SAY THE US IS NOW CONVINCED THE PLO SHOULD TAKE PART IN THE NEXT STAGE OF THE NEGOTIATIONS AND THAT CON-S;TATIONS ARE UNDERWAY AMONG THE US- ISRAEL AND EGYPT.

14. SADAT-VISIT TO ISRAEL: NEWS REPORTS FROM CAIRO SAY SADAT'S VISIT TO HAIFA HAS BEEN POSTPONED UNTIL SEPTEMBER 5. THE VISIT WAS ORIGINALLY SCHEDULED FOR THE END OF AUGUST, THE TIME OF THE HOLIDAYS FOLLOWING RAMADAN, THE MONTH OF FASTING.

15. -ZUHAIR MUHSIN: SAIQA LEADER ZUHAIR MUHSIN DIED IN A FRENCH HOSPITAL YESTERDAY AFTER DOCTORS DETERMINED THAT HE COULD NOT SURVIVE AND TURNED OFF LIFE SUPPORT MACHINES. MUHSIN WAS SHOT IN THE HEAD JULY 25 BY UNKNOWN ASSAILANTS. THE-PLO CONTINUES TO BLAME ISRAEL-FOR THE SHOOTING AND HAS VOWED-REVENGE. -A LEFTIST ARAB NEWSPAPER-SUGGESTED COOPER-ATION BETWEEN ISRAELI AND EGYPTIAN INTELLIGENCE IN MUHSIN'S DEATH. THERE WAS NO MENTION OF POSSIBLE EGYPTIAN INVOLVE-MENT IN OFFICIAL PLO STATEMENTS YESTERDAY. THE EGYPTIAN GOVERNMENT,;WHICH SOME BELIEVE IS BEHIND THE SHOOTING IN

REVENGE FOR SAIQA'S ANTI-FGYPTIAN OPERATIONS, ISSUED A STATEMENT OF REGRET.

16. (C) PALESTINIAN FIGHTING: DEFENSE ATTACHE AND PRESS REPORTS SAID THERE WAS SOME FIGHTING BETWEEN SAIQA AND OTHER PALESTINIAN GROUPS IN CAMPS SOUTH OF BEIRUT AFTER THE NEWS BROKE OF THE SHOOTING OF SAIQA LEADER ZUHAIR MUHSIN IN FRANCE. AT LEAST ONE PERSON WAS REPORTED KILLED.

17. (C) LAF DEPLOYMENT: LEBANESE ARMY UNITS TOOK ANOTHER SMALL STEP TOWARD WIDER AUTHORITY IN THE COUNTRY, DEPLOYING MORE SOLDIERS TO THE UPPER METN JULY 25, ACCORDING TO DEFENSE ATTACHE SOURCES AND PRESS REPORTS. THE MOVE IS IMPORTANT PSYCHOLOGICALLY, EMBASSY BEIRUT SAYS, BECAUSE THE AREA HAS BEEN TENSE-IN RECENT MONTHS. HOWEVER, CHRIS-TIAN RIGHTISTS, LEBANESE LEFTISTS AND SYRIAN TROOPS HAVE NOT WITHDRAWN AND THE TOTAL LAF STRENGTH IN THE AREA IS ONLY 65 MEN.

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TO INTSUM COLLECTIVE PRIORITY
INFO RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2574
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S E C R E T SECTION 01 OF 02 STATE 199746/01

E.O. 12865 SDS P/1/85 (MONTVILLE JOSEPH V.)

TAGS: EG, IS, PINR

SUBJECT: INTSUM 865 - AUGUST 1, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR HANSON
OTHER ADDRESSEES FOR CHIEF OF MISSION

REFRAME NOTICE SENSITIVE SOURCES AND METHODS INVOLVED
NOT RELEASABLE TO FOREIGN NATIONALS--NOT RELEASABLE TO
CONTRACTORS OR CONTRACTOR/CONSULTANTS

(PARAGRAPHS 1-3 S/NF/NC)

1. JAPAN-MIDDLE EAST: TRADE MINISTER'S TRIP: THE VISIT
OF JAPAN'S MINISTERS OF INTERNATIONAL TRADE AND INDUSTRY
ESAKI TO THE MIDDLE EAST IN JULY BROUGHT FLEW NEW COMMIT-
MENTS FOR OIL, ACCORDING TO SEVERAL JAPANESE SOURCES.
INSTEAD, SOME ARAB OFFICIALS BERATED ESAKI OVER JAPAN'S
SUPPORT OF US INITIATIVES IN THE MIDDLE EAST, PARTICULARLY
THE EGYPT-ISRAEL PEACE TREATY, AND WARNED TOKYO AGAINST
INCREASING AID TO EGYPT.

2. AS NOTED IN A CIA ANALYSIS, IN SAUDI ARABIA AND KUWAIT,
ESAKI WAS UNABLE EVEN TO BEGIN NEGOTIATIONS FOR BILATERAL
OIL DEALS--THE PRINCIPAL PURPOSE OF HIS TRIP--BECAUSE
OFFICIALS REFUSED TO DISCUSS OIL SUPPLIES. ESAKI FOUND THE
KUWAITIS PARTICULARLY INCENSED OVER JAPAN'S SUPPORT OF THE
PEACE SETTLEMENT, AND HIS TALKS WITH THEM CONSISTED
PRIMARILY OF KUWAITI CRITICISMS OF TOKYO'S MIDDLE EAST
POLICY. HE DID SECURE AN INCREASE OF 2 MILLION TONS OF
OIL FROM IPAC FOR 1980 AND REASSURANCE FROM THE UNITED
ARAB EMIRATES THAT TOKYO WOULD RECEIVE A FAIR SHARE OF A
POSSIBLE PRODUCTION INCREASE.

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3. ESAKI REPORTEDLY TOLD PRIME MINISTER OHIRA THAT JAPAN MUST FORMULATE A MORE REALISTIC POLICY TOWARD THE MIDDLE EAST. OHIRA WAS SURPRISED BY THE RECEPTION ESAKI RECEIVED FROM ARAB OFFICIALS AND IS CONSIDERING A VISIT TO THE MIDDLE EAST HIMSELF.

4. (S) IN VIEW OF ITS DEPENDENCE ON THE MIDDLE EAST FOR ABOUT 80 PERCENT OF ITS OIL NEEDS, JAPAN WILL CAREFULLY CONSIDER ARAB CONCERNS ON MIDDLE EAST ISSUES, INCLUDING JAPANESE AID TO EGYPT. JAPANESE OFFICIALS, AWARE OF THE SENSITIVITY OF THIS QUESTION, HAD PREVIOUSLY CONSIDERED PROVIDING MORE AID TO EGYPT IN THE CONTEXT OF A REGION-WIDE INCREASE IN ASSISTANCE.

5. (S) NORTH YEMEN-SOUTH YEMEN: RISING TENSIONS: THE FOUR-MONTH PERIOD TO COMPLETE A DRAFT CONSTITUTION, AS ENVISIONED LAST MARCH IN THE UNITY DECLARATION BETWEEN NORTH AND SOUTH YEMEN, EXPIRED JULY 30 WITH LITTLE PROGRESS ACHIEVED. THE FRAGILE REGIME IN NORTH YEMEN, WHICH HAS BEEN STALLING THE NEGOTIATIONS, IS CONCERNED THAT SOUTH YEMEN MAY SOON ATTEMPT AGAIN TO USE FORCE TO UNITE THE TWO STATES.

6. (S) A CIA ANALYSIS COMMENTS AS FOLLOWS: AT A MINIMUM, SOUTH YEMEN SEEMS CERTAIN TO ENCOURAGE THE ADEN-BASED NATIONAL DEMOCRATIC FRONT TO INCREASE ITS EFFORTS TO SUBVERT THE GOVERNMENT OF NORTH YEMENI PRESIDENT SALIH. THE POLITICAL COSTS TO SOUTH YEMEN WOULD BE SIGNIFICANT IF IT RESUMED FIGHTING ON THE SCALE OF ITS EFFORTS LAST FEBRUARY. IRAQ, SAUDI ARABIA, AND SYRIA WOULD OPPOSE SOUTH YEMEN POLITICALLY, AND IRAQ MIGHT INTERVENE MILITARILY ON NORTH YEMEN'S BEHALF. ADEN COULD NOT BE CERTAIN HOW THE US WOULD REACT, AND ITS OWN ALLY, THE USSR, MIGHT OBJECT. THE SOVIETS, CONCERNED ABOUT PASSAGE OF THE GALT II TREATY, DO NOT WANT A CONFRONTATION WITH THE US THAT A RENewed YEMENI WAR COULD PORTEND.

7. (U) ISRAEL-EGYPT: THE ISRAELI PRESS JULY 31 REPORTED THAT DAYAN GAVE BEGIN A LIST OF ALLEGED EGYPTIAN VIOLATIONS OF THE PEACE TREATY IN REGARD TO AL-AHISH. THESE INCLUDE OPERATION OF THE AL-AHISH AIRPORT BY MILITARY PERSONNEL, INTRODUCING RADAR INTO THE AREA AND STATIONING SOLDIERS OUTSIDE AGREED BOUNDARIES. SHARON WAS QUOTED AS SAYING HE WOULD DEMAND THAT HIS COLLEAGUES IN THE ISRAELI CABINET TAKE A FIRM LINE ON THESE VIOLATIONS. DEFENSE MINISTER ALI, WHILE IN ISRAEL, PUBLICLY DENIED THE ALLEGATIONS.

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8. (C) ISRAEL-WEST BANK MAYORS: AN ISRAELI OFFICIAL TOLD EMBASSY TEL AVIV THAT RAMALLAH MAYOR KHALAF AND HEbron MAYOR QAWASIMA HAVE RECEIVED PERMISSION TO TRAVEL TO THE US. NO OPPOSITION IS EXPECTED TO THE TRAVEL REQUEST OF HALHUL MAYOR MILHIM; HOWEVER, RESTRICTIONS REMAIN ON NABLUUS MAYOR SHAKA AND IT IS NOT CLEAR THEY WILL BE ELITED.

9. (U) ISRAELI PRESS-US: ISRAELI-US RELATIONS WERE THE THEME OF SEVERAL ARTICLES IN THE ISRAELI PRESS JULY 31. A DAVAR COLUMNIST SAID HE IS INCREASINGLY DE-
PRESSED BY THE "QUARRELSOME AND IRRITANT NATURE" OF THE RELATIONS LATELY. HE WONDERED IF THE HEBREW LANGUAGE
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S E C R E T FINAL SECTION OF 02 STATE 199746/02

"IS REALLY SO POOR" THAT IT LACKS MORE POLITE WORDS TO DESCRIBE THE US POSITION ON UN FORCES. AN AL HAMISHMAR WRITER SAID DAYAN USED VERY STRONG TERMS TO DESCRIBE THE US CONDUCT IN THE DISCUSSION OF A UN FORCE. DAYAN REPORTEDLY CLAIMED HE WAS MADE A "LAUGHING STOCK." A HA'ARETZ COLUMNIST SAID THE UN FORCES DISPUTE IS PART OF THE "GENERAL SQUEEZE" THE US IS PUTTING ON ISRAEL BECAUSE OF THE LATTER'S SETTLEMENTS POLICY.

10. (U) DAYAN-UN FORCES: HA'ARETZ REPORTER UZI BENZIMAN JULY 31 SAID DAYAN PROPOSED ESTABLISHMENT OF A US MILITARY FORCE IN THE SINAI AS A SUBSTITUTE FOR UNEF. SYMBOLIC ISRAELI AND EGYPTIAN UNITS WOULD BE INCORPORATED INTO THE FORCE, THE ARTICLE SAID. "SENIOR SOURCES" WERE SAID TO HAVE EMPHASIZED THAT DAYAN DOES NOT INTEND TO COMPROMISE WITH THE US OVER STATIONING OF UN FORCES IN THE AREA.

11. (U) ARAB DEMONSTRATIONS-NEGEV BASES: NEWS REPORTS OF JULY 30 REPORTED SEVERAL HUNDRED ISRAELI ARABS DEMONSTRATED NEAR THE KNESSET TO PROTEST A PROPOSED LAW TO ALLOW THE GOVERNMENT TO SEIZE LAND FOR NEW AIR BASES IN THE NEGEV. THE LAW REPORTEDLY WOULD NOT PERMIT NEGOTIATION FOR COMPENSATION WITH THE BEDOUIN LANDOWNERS.

12. (U) BEGIN-HEALTH: JERUSALEM RADIO JULY 31 SAID BEGIN'S CONDITION IS IMPROVING; HE MAY BE DISCHARGED FROM THE HOSPITAL LATER THIS WEEK.

13. (U) ISRAEL-SINAI: REUTER REPORTED JULY 31 THAT RESIDENTS OF THE SINAI TOWN OF YAMIT THREATENED TO BURN OR DESTROY BUILDINGS IN A CAMPAIGN TO WIN INCREASED COMPENSATION FROM THE GOVERNMENT FOR ABANDONING THE TOWN THREE YEARS FROM NOW. THE SETTLERS WERE DEMANDING THAT DEPUTY PRIME MINISTER YADIN MEET WITH THEM.

14. (U) ARAB PRESS-STRAUSS STATEMENTS: REFERRING TO AMEMBADOR STRAUSS' RECENT US NEWS AND WORLD REPORT

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INTERVIEW, THE JORDAN TIMES JULY 31 SAID "IT IS...
LATE TO START UNDOING THE DAMAGE WHICH THE CARTER
ADMINISTRATION'S NAIVETE... HAS BROUGHT." AMBASSADOR
STNAUSS' "SUDDEN AWARENESS" OF THE NEED FOR BROADER
ARAB PARTICIPATION LEADS THE PAPER TO CONCLUDE THAT A
"NEW BEGINNING MUST BE INITIATED." A KUWAITI PAPER SAID
THE REMARKS ABOUT POSSIBLE PARTICIPATION OF MODERATE
PALESTINIANS SIGNALLED "A WAR OF NERVES AGAINST THE PLO....

12. (U) SYRIANS-CHRISTIANS: REUTER REPORTED HEAVY
FIGHTING BETWEEN CHRISTIANS AND SYRIANS IN BEIRUT DURING
THE NIGHT OF JULY 30-31. THE FIGHTING THEN FADED INTO
SNIPER FIRE. THE KILLING OF A DOCKWORKER AT THE BEIRUT
PORT APPEARS TO HAVE TOUCHED OFF THE TROUBLE. CHRISTOPHER

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C O N F I D E N T I A L SECTION 01 OF 03 STATE 213971/01
E.O. 12065 GDS- 8/15/85 (MONTVILLE, JOSEPH V.)
TAGS: EG, IS, PINR
SUBJECT: INTSUM 875 - AUGUST 15, 1979
LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

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ARNING NOTICE SENSITIVE SOURCES AND METHODS INVOLVED
NOT RELEASABLE TO FOREIGN NATIONALS

(PARAGRAPHS 1-6 CONFIDENTIAL)

1. ISRAELI PERCEPTIONS OF US POLICY: VARIOUS DEVELOPMENTS
IN RECENT WEEKS HAVE REAWAKENED ISRAELI SUSPICIONS OF
US INTENTIONS. THESE SUSPICIONS CENTER ON TWO THEMES:

(A) THE US IS MOVING TO INJECT THE PLO INTO THE
AUTONOMY NEGOTIATIONS; AND

(B) THE US IS TRYING TO PROMOTE AN AUTONOMY ARRANGEMENT
WHICH, IN DUE COURSE, WILL TRANSFORM ITSELF INTO AN
INDEPENDENT PALESTINIAN STATE.

DAYAN'S ACCUSATION ON AUGUST 7 THAT THE US, UNDER THE
GOAD OF SAUDI OIL PRESSURE, FAVORS A MORE EXTREME POLICY
THAN EGYPT CONSTITUTES AN EXPLICIT STATEMENT OF A LONG-
HELD PERCEPTION AMONG THE ISRAELI POLITICAL ELITE.

2. THE CURRENT CRITICISM OF THE US BY SENIOR ISRAELI
OFFICIALS AND OPPOSITION LEADERS PLACES THE US-ISRAELI
RELATIONSHIP UNDER UNUSUAL STRAIN. GOVERNMENTS IN ISRAEL
GENERALLY DENY THE EXISTENCE OF SERIOUS DIFFICULTIES
WITH THE US. INDEED, THE ABILITY TO MAINTAIN GOOD RELA-
TIONS WITH THE US IS A CRITERION OF THE CABINET'S
EFFECTIVENESS. THUS DAYAN'S PUBLIC CHARGES REVEAL A
DEPTH OF CONCERN THAT WILL MAKE THE ISRAELIS PARTICULARLY
HARD TO HANDLE IN COMING WEEKS.

3. CONCERN ABOUT THE COURSE OF US POLICY IS FOUND ACROSS
~~THE ENTIRE ISRAELI POLITICAL ELITE~~ ISRAELI POLITICAL ELITE REGARD THE ESTABLISHMENT OF AN
INDEPENDENT PALESTINIAN STATE AS FATAL TO ISRAEL. EVEN
POLITICALLY SOPHISTICATED ISRAELIS SEE IN THE PLO AN
ORGANIZATION DEDICATED TO THE ULTIMATE DESTRUCTION OF
ISRAEL. IN THEIR VIEW, THE TRIUMPH OF A "MODERATE" PLO
FACTION WOULD LEAD ONLY TO A MORE CLEVER, COVERT STRUGGLE
AGAINST ISRAEL.

4. THE PERCEPTION OF ISRAELI MODERATES OF THE DIRECTION
OF US POLICY AND THE PROPER RESPONSE FOR ISRAEL APPEARED
RECENTLY IN AN ANALYTICAL NEWSPAPER ARTICLE BY FORMER
PRIME MINISTER RABIN. RABIN WROTE THAT IT WAS BECOMING
INCREASINGLY CLEAR THAT ISRAEL WAS FACING AN EGYPTIAN-US
FRONT. THIS AXIS WAS STRIVING TO SECURE A COMPREHENSIVE
PEACE BASED ON AN ISRAELI WITHDRAWAL TO THE PRE-1967 LINES
AND THE ESTABLISHMENT OF A PALESTINIAN STATE IN THE WEST
BANK AND GAZA. RABIN DESCRIBED EGYPT AS MODERATE AT
THIS STAGE BECAUSE IT WAS RECEIVING TERRITORIES FROM
ISRAEL BUT HAD NOT YET BEEN REQUIRED TO NORMALIZE
RELATIONS. THE US, MEANWHILE, "CONSTITUTES THE ELEMENT
PUSHING TOWARD TURNING THE AUTONOMY NEGOTIATIONS INTO A
LEVER FOR THE ESTABLISHMENT OF THE NUCLEUS OF A
PALESTINIAN STATE." US STATEMENTS, IN RABIN'S VIEW,
WERE DESIGNED TO TEST THE ACCEPTABILITY OF THIS GOAL TO
US PUBLIC OPINION.

5. RABIN, WHO HAS LONG BELIEVED THAT THE PEACE PROCESS
WITH EGYPT WILL FREEZE WHEN IT BECOMES CLEAR THAT AGREE-
MENT OVER AUTONOMY IS IMPOSSIBLE, CALLED ON ISRAEL TO
WORK ON US PUBLIC OPINION. HE ASSESSED THE SETTLEMENT
ISSUE AS "THE LEVER WHICH THE CARTER ADMINISTRATION IS
EMPLOYING TO ERODE THE ISRAELI POSITION." TO COMBAT THIS
PRESSURE, RABIN SUGGESTED AN UNANNOUNCED, TEMPORARY
SUSPENSION OF SETTLEMENT CONSTRUCTION IN THE WEST BANK,
WHILE CAMPAIGNING IN THE US AGAINST "THE CARTER ADMINISTRA-
TION'S TREND TOWARD ESTABLISHING AN ARAFAT-PALESTINIAN
STATE."

6. THE ISRAELIS IN COMING DAYS AND WEEKS, WILL GIVE
GREATER EMPHASIS TO US POSITIONS IN THE UN AND IN THE
AUTONOMY TALKS THAN TO ASSURANCES FROM WASHINGTON. A
FAILURE TO BLOCK MODIFICATION OF 242 OR THE ADOPTION
OF A COMPLEMENTARY RESOLUTION DEALING WITH THE PALESTINIAN
ISSUE WOULD BE REGARDED AS CONFIRMING THEIR WORST FEARS.
AND IN THE AUTONOMY NEGOTIATIONS ISRAEL WILL BE PARTICU-
LARLY UPSET IF THE US TRIES TO NEGOTIATE PROVISIONS THAT
WOULD ALTER THE NARROW, ADMINISTRATIVE CONCEPT OF THE
AUTONOMY THE ISRAELIS FAVOR.

7. (C/NF) ISRAEL-WEST BANK SECURITY: OUR DEFENSE ATTACHE
IN TEL AVIV COMMENTS THAT THE ISRAELI DEFENSE FORCE (IDF)
APPEARS TO BE MAKING A DETERMINED EFFORT TO INSTITU-
TIONALIZE THE ROLE OF SETTLEMENTS IN ITS TERRITORIAL
DEFENSE SYSTEM. THIS HAS BEEN STRESSED IN RECENT BRIEF-
INGS BY CHIEF OF STAFF EITAN. THE IDF IS ASSIGNING

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 C O N F I D E N T I A L SECTION 02 OF 03 STATE 213971/02

FIRST LINE RESERVISTS TO STAY IN THE SETTLEMENTS AND FIGHT. MOREOVER, THE REGULAR FORCE DEPLOYMENT ON THE WEST BANK HAS RISEN DRAMATICALLY IN THE LAST THREE MONTHS. THE DEFENSE ATTACHE CONCLUDES THAT FROM A STRICTLY MILITARY VIEWPOINT THE MARGINAL PAYOFF GAINED FROM ACTIVE USE OF THE SETTLEMENTS FOR TERRITORIAL DEFENSE IS NOT WORTH THE COST SO LONG AS REGULAR RESERVE FORCES CONTINUE TO OCCUPY THE AREA.

8. (U) ISRAEL-AMBASSADOR YOUNG: JERUSALEM RADIO AUGUST 14 ANNOUNCED THE ISRAELI GOVERNMENT'S PROTEST TO THE US OVER AMBASSADOR YOUNG'S MEETING WITH THE PLO OBSERVER AT THE UN. "THE ISRAELI CABINET SAYS THAT THE MEETING CONTRADICTED THE US ADMINISTRATION'S COMMITMENTS AND ITS REPEATED DECLARATIONS THAT IT WOULD NOT RECOGNIZE THE PLO OR NEGOTIATE WITH IT AS LONG AS THE PLO DOES NOT RECOGNIZE ISRAEL'S RIGHT TO EXIST...AND ACCEPT RESOLUTIONS 242 AND 338," THE REPORT SAID. THE BROADCAST ALSO

REPORTED A REUTER STORY WHICH SAID THAT THE PLO OBSERVER AT THE UN HAD SAID ONLY "NICETIES" WERE EXCHANGED DURING THE MEETING AND THAT AMBASSADOR YOUNG HAD REFUSED TO DISCUSS THE PALESTINIAN PROBLEM IN ALL THEIR MEETINGS.

MOST ISRAELI PAPERS CARRIED ACCOUNTS OF THE MEETING. A HAARIV EDITORIAL SAID THE STORY OF THE MEETING "CALLS TO MIND A FAIRYTALE DESERVING OF A CHILDREN'S LITERARY PRIZE." THE ITEM GOES ON TO EXPRESS CONSIDERABLE SKEPTICISM ABOUT THE US CLAIM THAT US POLICY ON THE PLO REMAINS UNCHANGED.

9. (U) ISRAELI PRESS-AMBASSADOR STRAUSS: AN ISRAELI TV CORRESPONDENT SAID AUGUST 14 THAT AMBASSADOR STRAUSS IS BEGINNING TO PREPARE THE GROUND FOR HIS MIDDLE EAST VISIT. THE AMBASSADOR'S ACTIONS "WILL BE AIMED AT GIVING THE PALESTINIANS A SAY IN THE DETERMINATION OF THEIR FUTURE." THE AMBASSADOR'S RECENT REMARKS ON THE MIDDLE EAST SOUNDED "UNEQUIVOCAL, DETERMINED, RESOLVED AND UNCOMPROMISING AND THOSE SOUNDS" WILL BE HEARD IN ISRAEL THIS WEEK, HE SAID. AN ISRAELI RADIO CORRESPONDENT SAID AMBASSADOR STRAUSS WILL MAKE IT CLEAR THAT DESPITE "THE SOOTHING STATEMENTS EMANATING FROM WASHINGTON" THE US WILL TRY TO CHANGE 242 BY ADDING A STATEMENT ON THE LEGITIMATE RIGHTS OF THE PALESTINIANS. THE AMBASSADOR'S ARRIVAL WILL SPEED UP DAYAN'S RETURN TO THE "DRIVER'S SEAT IN THE AUTONOMY TALKS," THE BROADCAST SAID. A DAVAR CORRESPONDENT SAID AMBASSADOR STRAUSS WILL BRING A DRAFT RESOLUTION ON THE PALESTINIANS. A DAVAR EDITORIAL WARNED THAT AS EUROPEAN COUNTRIES AND THE US CHANGE THEIR ATTITUDES TOWARD THE PLO, ISRAEL MUST GET READY FOR A POSSIBLE CHANGE IN THE PLO POSITION.

10. (U) ISRAEL-LIKUD-LABOR: REUTER REPORTED AUGUST 14 THAT AN ISRAELI OPINION POLL PUBLISHED AUGUST 14 SAID THAT IF ELECTIONS WERE HELD NOW, THE LIKUD WOULD LOSE TO LABOR. THE POLL, TAKEN FOR THE JERUSALEM POST, SAID THAT IN PRESENT PUBLIC OPINION LIKUD WOULD GET 35 OF THE KNESSET'S 120 SEATS (IT NOW HAS 43) AND LABOR WOULD WIN 48 SEATS (IT NOW HAS 32). THE REPORT SAID THAT DESPITE THE SUCCESSES OF THE BEGIN GOVERNMENT IN ACHIEVING A PEACE TREATY, IT HAS LOST SUPPORT BECAUSE OF AN INFLATION RATE EXPECTED TO REACH 100 PERCENT THIS YEAR.

11. (U) WEST BANK-MAYOR'S ACCUSATIONS: THE MAYOR OF RAMALLAH, KARIM KHALAF, HAS ACCUSED ISRAEL OF BLOWING UP 20,000 HOUSES SINCE IT OCCUPIED THE WEST BANK IN 1967. ACCORDING TO REUTER, KHALAF TOLD A LEBANESE MAGAZINE THAT THIS FIGURE WAS INCLUDED IN A SURVEY HE WILL PRESENT TO TWO PALESTINIAN CONFERENCES ON PALESTINIAN AFFAIRS SCHEDULED TO BE HELD IN WASHINGTON (IN AUGUST AND SEPTEMBER). KHALAF ALSO CLAIMED:

(A) THAT 23 PERCENT OF WEST BANK LAND HAD BEEN CONFISCATED BY THE ISRAELIS;

(B) THAT THE ISRAELIS HAD EXPELLED 1,145 PALESTINIANS FROM THE WEST BANK; AND

(C) THAT THERE WERE ABOUT 7,000 ARAB PRISONERS IN ISRAEL.

12. (U) SOUTH LEBANON-SITUATION REPORT: SEVERAL VILLAGES IN THE TYRE DISTRICT CAME UNDER ARTILLERY FIRE FROM THE ISRAELIS ON AUGUST 13 AND TYRE ITSELF WAS SHELLED BY 175-MM GUNS, ACCORDING TO BEIRUT RADIO.

REUTER REPORTS THAT PALESTINIAN GROUPS HAD TAKEN THREE MORE VILLAGERS HOSTAGE (THEY HAD TAKEN THREE THE PREVIOUS DAY) FROM HADDAD'S ENCLAVE TO EXCHANGE FOR TWO OF THEIR FIGHTERS THEY CLAIM HADDAD IS HOLDING. HADDAD REFUSED TO CONFIRM TO RED CROSS OR UN OFFICIALS THAT HE WAS HOLDING THEM.

13. (U) BEIRUT-CLASHES: THE FIGHTING WHICH OCCURRED TWO DAYS AGO IN BEIRUT AREA BETWEEN THE LEBANESE ARMY AND PHALANGIST MILITIA HAS NOW SPREAD TO INCLUDE SYRIAN FORCES STATIONED IN LEBANON.

AP REPORTS THAT AUGUST 14 CIVILIAN TRAFFIC IN PARIS

BT

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DE RUKHC 43971/03 2280756

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FM SECSTATE WASHDC

TO INTSUM COLLECTIVE PRIORITY

INFO RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2638

RUEKJCC/DOO/ISA WASHDC PRIORITY

BT

C O N F I D E N T I A L FINAL SECTION OF 03 STATE 213971/03

OF BEIRUT WAS CUSTAILED, THE GANNING AREA (IN CENTRAL BEIRUT) WAS DESERTED, MILITIAMEN WERE FORTIFYING THEIR POSITIONS, AND WORKERS HAD TO FLEE THE PORT AREA. AP CLAIMS THE SYRIANS HELPED HALT THE FIGHTING BETWEEN THE LAI AND THE PHALANGE, BUT THAT AUGUST 13 THE PHALANGISTS LOWERED THEIR ANTI-AIRCRAFT GUNS AND FIRED INTO WEST BEIRUT. THE SYRIANS REPLIED WITH ARTILLERY, MORTARS AND MACHINE GUNS.

14. (C/NF) ISRAEL-LEBANON: ISRAEL APPEARS TO HAVE SOMEWHAT REINFORCED ITS ARTILLERY UNITS IN THE EASTERN SECTION OF ITS BORDER WITH LEBANON. RECENTLY ONLY ONE BATTERY OF M109 155MM GUNS HAS BEEN LOCATED IN THIS AREA, BUT ON AUGUST 13, IN A ROAD RECONNAISSANCE OF THE BORDER, TWO AND POSSIBLY THREE BATTERIES WERE IDENTIFIED BY DEFENSE ATTACHE PERSONEL. WHILE NOT A DRAMATIC INCREASE, THE DEPLOYMENT OF UP TO A BATTALION OF M109 DOES INCREASE ISRAEL'S ABILITY TO PROVIDE FIRE SUPPORT TO ITS OWN OR CHRISTIAN FORCES OPERATING AGAINST THE PALESTINIANS. VANCE

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FM RUEHDC 215873/01 2304210
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FM SECSTATE WASHDC
TO INTSUM COLLECTIVE PRIORITY
INFO RUEHTRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2655 0 AUG 79
RUEHJCS/DOD/ISA PRIORITY
BT
C O N F I D E N T I A L SECTION 01 OF 02 STATE 215873/01
A.O. 12065 GDS 8/17/85 (MONTVILLE, JOSEPH V.)

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POL

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TAGS:EG, IS, PINR
SUBJECT:INTSUM 877 - AUGUST 17, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEE; FOR CHIEFS OF MISSION

(PARAGRAPHS 1-5 CONFIDENTIAL)

1. THE CURRENT STATE OF ISRAELI POLITICS: THE BEGIN CABINET IS IN DISARRAY. THE SHARP CONFLICTS OVER POLICY AND PERSONALITY ARE REINFORCED BY OTHER FACTORS WHICH UNDERMINE THE CABINET'S AUTHORITY AND ITS ABILITY TO CONDUCT NEGOTIATIONS. THESE INCLUDE:

- (A) THE FRAGILE HEALTH OF BEGIN AND DAYAN, THE TWO PRINCIPAL FOREIGN POLICY DECISION-MAKERS;
- (B) CABINET PARALYSIS IN DEALING WITH THE HIGH RATE OF INFLATION;
- (C) THE VIRTUAL COLLAPSE OF THE LIBERAL PARTY, ONE OF THE LIKUD'S TWO PRIMARY COMPONENTS; AND
- (D) THE BITTER CONTROVERSY OVER SETTLEMENTS.

ALSO OF CENTRAL IMPORTANCE IS THE GROWING STRENGTH OF THE LABOR PARTY AND THE INCREASING DISCONTENT OF THE NATIONAL RELIGIOUS PARTY (NRP) WITH THE LIKUD. INDEED, THE POSSIBILITY THAT THE GOVERNMENT MIGHT SUDDENLY BE DISMISSED BY THE KNESSET CANNOT BE RULED OUT.

2. AGAINST THIS BACKGROUND, THE CABINET CAN BE EXPECTED TO PROCEED WITH EXTREME CAUTION. TO ASSURE THE SURVIVAL OF HIS GOVERNMENT, BEGIN WILL HAVE TO DEVOTE INCREASING ATTENTION TO CONCILIATING THE NRP. HIS ACTIONS IN THE NEGOTIATING ARENA WILL BE GOVERNED BY THE PERCEPTION THAT THE LOSS OF THE NRP'S SUPPORT COULD BRING DOWN HIS GOVERNMENT.

3. YET BEGIN'S LOSS OF POPULARITY, THE IMPRESSIVE GROWTH IN THE LABOR OPPOSITION'S PUBLIC APPEAL AND THE ~~PROSPECTS FOR SIGNIFICANT IMPROVEMENT IN THE ECONOMIC~~ SITUATION COMBINE SHARPLY TO REDUCE BEGIN'S LEVERAGE ON THE NRP. IN THE PAST, BEGIN COULD HAVE THREATENED TO RESIGN AND GO TO NEW ELECTIONS IN THE EXPECTATION OF COMING OUT ON TOP AND THUS BEING ABLE TO STAY IN OFFICE AFTER RENEGOTIATING THE COALITION AGREEMENT WITH THE NRP, BUT ELECTIONS NOW PROBABLY WOULD MEAN HIS POLITICAL OBLIVION. CONSEQUENTLY, BEGIN'S SCOPE FOR MANEUVER IN THE AUTONOMY NEGOTIATIONS WILL DEPEND ON THE LEEWAY THE NRP GIVES HIM.

4. THE NRP IS CONSCIOUS OF ITS STRENGTH. PARTY MILITANTS VEHEMENTLY OPPOSE CONCESSIONS ON IDEOLOGICAL, STRATEGIC, AND PRAGMATIC GROUNDS. INTERNAL CONSIDERATIONS MILITATE STRONGLY AGAINST A MODERATION OF THE NRP'S STANCE

(A) MINISTER OF EDUCATION HARKER WILL MAINTAIN A HAWKISH STANCE OUT OF CONVICTION; THE NEED TO RETAIN UNITY WITHIN HIS FACTION OF THE PARTY; AND THE IMPERATIVE OF PREVENTING A WALKOUT BY GUSH EMUNIM SUPPORTERS.

(B) MINISTER OF INTERIOR BURG WILL NOT WANT TO RISK A PARTY SPLIT, ESPECIALLY IF THE "REWARD" FOR SUCH A SPLIT WERE AN "AUTONOMY WITH TEETH," WHICH HE FEARS WOULD EVOLVE INTO AN INDEPENDENT PALESTINIAN STATE.

5. THE PERIOD SINCE CAMP DAVID HAS SEEN THE RAPID SPREAD OF THE CONVICTION AMONG ISRAELIS THAT AN AUTONOMY ARRANGEMENT IN THE WEST BANK AND GAZA WOULD EVOLVE INTO A FULL-FLAGGED, INDEPENDENT PALESTINIAN STATE. WHILE THIS PERCEPTION EXTENDS ACROSS THE POLITICAL SPECTRUM, ITS SPREAD TO THE RIGHT WOULD IMMEDIATELY THREATEN BEGIN IF HE AGREED TO ANY SUBSTANTIVE CONCESSIONS-- CONCESSIONS WHICH COULD BECOME INSTANTANEOUSLY KNOWN.

6. (C) EVEN WITHOUT THE STRAINS OF THE AUTONOMY ISSUE, BEGIN WOULD FACE AN UPHILL STRUGGLE TO REMAIN IN POWER OVER THE LONGER RUN. IN HIS WEAKENED PHYSICAL CONDITION, WE DO NOT SEE HIM REGAINING THE INITIATIVE.

7. (D) AMBASSADOR YOUNG-PRESS REPORTS: THE ISRAELI ~~REACTION TO~~ YOUNG'S RESIGNATION AUGUST 16. WASHINGTON-BASED ISRAELI CORRESPONDENTS WRITE THAT ISRAEL MIGHT BE "WORSE OFF" WITHOUT HIM. ISRAELI RADIO REPORTED A FEELING IN JERUSALEM THAT THE US UNDERSTANDS ISRAEL'S DEMANDS TO STOP CONTACTS WITH THE PLO. A MAARIV HEADLINE SAID PRESIDENT CARTER IS MAD AT ISRAEL OVER THE "YOUNG AFFAIR." DIPLOMATIC SOURCES IN THE US BELIEVE ISRAEL COULD WIND UP AS A MAJOR VICTIM OF THE RESIGNATION, MAARIV SAID. A YEDIOT AHARANOT REPORT FROM WASHINGTON QUOTES AN UNNAMED "SENIOR STATE DEPARTMENT" OFFICIAL AS SAYING ISRAEL HAS
BT
#5873

NNNNN ESA964BRA438

PP RUEHNR

DE RUEHC #5873/02 230021Z

ZNY CCCCC ZZH

P 172150Z AUG 79

FM SECSTATE WASHDC

TO INTSUM COLLECTIVE PRIORITY

INFO RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2656

RUEKJCS/DOD/ISA PRIORITY

BT

C O N F I D E N T I A L FINAL SECTION OF 02 STATE 215873/02

LOST A FRIEND AT THE UN WITH THE RESIGNATION. THE SAME OFFICIAL REPORTEDLY FARNED THE RESIGNATION COULD HURT ISRAEL'S RELATIONS WITH AFRICAN STATES. THE JERUSALEM POST EDITORIALIZED THAT THE "EVIDENCE SUGGESTS" THAT AMBASSADOR YOUNG'S CONTACTS WITH THE PLO DID NOT "MISINTERPRET" US POLICY.

THE VOICE OF PALESTINE SAID THE RESIGNATION WAS CAUSED BY "INTIMIDATION AND RACIAL PERSECUTION." IN JERUSALEM, AL QUDS SEES A GROWING CONVICTION THAT THERE IS A PERCEPTIBLE SHIFT IN US POLICY TOWARD THE PLO.

REUTER REPORTED AN ATLANTA CONSTITUTION STORY THAT ISRAELI INTELLIGENCE AGENTS HAD FOLLOWED THE PLO OFFICIAL TO HIS MEETING WITH AMBASSADOR YOUNG.

8. (C) DAYAN STATEMENTS: EMBASSY TEL AVIV REPORTS THAT ISRAELI FOREIGN MINISTRY OFFICIAL BAR-ON PROFESSED TO BE IGNORANT OF DAYAN'S RECENT ASSERTIONS THAT THE US "ACCEPTS" ISRAELI POLICY IN LEBANON AND THAT THE US IS WILLING TO HAVE SOVIET OBSERVERS IN THE SINAI. OUR

CHARGE COMMENTS THAT BAR-ON'S IGNORANCE MAY BE A SMOKE SCREEN FOR HIS AND THE FOREIGN MINISTRY'S EMBARRASSMENT OVER DAYAN'S REMARKS.

(PARAGRAPHS 9-13 UNCLASSIFIED)

9. PLO-US AMBASSADOR: A VIENNA RADIO BROADCAST AUGUST 18 REPORTED THAT A PLO REPRESENTATIVE IN VIENNA REFUTED ISRAELI PRESS REPORTS THAT THERE HAD BEEN CONTACTS BETWEEN A PLO REPRESENTATIVE AND THE US AMBASSADOR TO AUSTRIA. HE SAID THAT IF THE AMBASSADOR HAD SPOKEN WITH A PALESTINIAN, IT WAS NOT WITH A PLO REPRESENTATIVE ACTING ON OFFICIAL ORDERS.

10. PLO-ISRAEL-KREISKY: CHANCELLOR KREISKY WAS REPORTED TO HAVE TOLD AN AUSTRIAN NEWSPAPER AUGUST 15 THAT THE PLO IS "READY TO RECOGNIZE THE ISRAELI STATE." THE ISRAELIS "HAVE LEARNED NOTHING," KREISKY REPORTEDLY SAID, "IF THEY THINK THEY CAN KEEP A PEOPLE MULTIPLYING SO RAPIDLY UNDER POLICE CONTROL..."

11. IRAN-SYRIA: A KUWAITI NEWSPAPER REPORTED FROM TEHRAN AUGUST 16 THAT A TOKEH FORCE OF IRANIAN TROOPS WOULD BE LEAVING FOR DAMASCUS AUGUST 17 TO TAKE UP POSITIONS ON THE CONFRONTATION LINE WITH ISRAEL. THERE HAS BEEN NO CONFIRMATION OF THIS REPORT. THE SYRIAN FOREIGN MINISTER HAS BEEN ON AN OFFICIAL VISIT TO IRAN. AUGUST 16 HE ANNOUNCED THAT THE TWO COUNTRIES HAD AGREED TO SET UP ECONOMIC AND FOREIGN POLICY COMMITTEES TO DISCUSS COMMON INTERESTS.

12. BAATHISTS-NATIONAL MOVEMENT: THE LEBANESE PRESS HAS REPORTED THAT THE PLO-IRANI BAATH PARTY SUSPENDED ITS MEMBERSHIP IN THE PREDOMINANTLY MUSLIM/LEFTIST LEBANESE NATIONAL MOVEMENT ON AUGUST 15. THE SUSPENSION MAY BE DUE TO INCREASING CONFLICT BETWEEN THE COMMUNISTS AND THE BAATHISTS.

13. ISRAEL-SOUTH LEBANON: BEIRUT RADIO REPORTED THAT ISRAELI ARTILLERY SPILLED THE VILLAGE OF YUBHUR IN SOUTH LEBANON AUGUST 16, KILLING A GIRL AND WOUNDING FOUR OTHER YOUTHS INCLUDING THREE MEMBERS OF ONE FAMILY. REUTERS PLACED THE TOLL AT THREE CIVILIANS KILLED AND FOUR WOUNDED. CHRISTOPHER

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TO ALL DIPLOMATIC POSTS PRIORITY

INFO RUHMBI/AMEMBASSY ADD DHAKA 4394

RUHABZ/AMEMBASSY ADDIS ALABA 3307

RUHARS/AMEMBASSY ALGERIA 1522

RUENAR/AMEMBASSY AMMAN 3748

RUENAD/USINT BAGHDAD 1939

RUENIL/AMEMBASSY BEIRUT 5426

RUENON/AMEMBASSY DAMASCUS 6527

RUQ40D/AMEMBASSY DOHA 1102

RUENUB/USINT HAVANA 6570

RUHJN/AMCONSUL JERUSALEM 2249

RUQWRA/AMEMBASSY JIDDA 2970

RUQMKW/AMEMBASSY KUWAIT 8138

RUQMAN/AMEMBASSY MANAMA 5444

RUQMYT/AMEMBASSY MUSCAT 8400

RUQKTI/AMEMBASSY RABAT 3549

RUQINS/AMEMBASSY SANA 5436

RUQJZN/USMISSION SINAI 5817

RUQJHA/AMEMBASSY TEHRAN 4212

RUQKTV/AMEMBASSY TEL AVIV 5916

RUQNTI/AMEMBASSY TRIPOLI 9620

RUQKKR/AMEMBASSY TUNIS 4936

RUQJFS/AMEMBASSY VIENTIANE 3299

BT

C O N F I D E N T I A L

LIMITED OFFICIAL USE SECTION 01 OF 03 STATE 221305/01

E.O. 12065 N/A

TAGS: UPU, PORG, IS, SA

SUBJECT: POSSIBLE EXPULSION OF MEMBER STATES FROM THE
UNIVERSAL POSTAL UNION (UPU)

REF: A) GENEVA 13728; B) STATE 217581

1. REFTELS BEING REPEATED TO POSTS WHICH HAVE NOT YET
RECEIVED THEM.

2. THE UPU WILL HOLD ITS 18TH CONGRESS IN RIO DE JANEIRO
SEPTEMBER 12 - OCTOBER 16. ONE OF THE ISSUES TO BE RESOLVED
AT THE CONGRESS IS THE FATE OF PROPOSED CONSTITUTIONAL
AMENDMENTS PROVIDING FOR THE "RETRACTION" BY THE CONGRESS
OF A MEMBER STATE'S ACCESSION TO THE UPU CONVENTION. "RE-
TRACTION OF ACCESSION" WOULD BE THE EQUIVALENT OF EXPULSION
FROM THE UPU. SUCH ACTION COULD SEVERELY PREJUDICE POSTAL
COMMUNICATIONS BETWEEN THE EXPELLED STATE AND OTHER STATES.
(THE UPU CONSTITUTION NOW PROVIDES--ARTICLES 2 AND 11--THAT
"ANY MEMBER OF THE UN IS ADMITTED TO THE UPU UPON REQUEST.")

3. THE LIST OF INDIVIDUAL CO-SPONSORS IS NOT YET AVAILABLE
BUT THE AMENDMENTS HAVE BEEN SUBMITTED BY THE ARAB POSTAL
UNION, WHICH RECENTLY RELOCATED FROM CAIRO TO TUNIS FOLLOW-
ING THE SIGNING OF THE EGYPT/ISRAEL PEACE TREATY. WE ASSUME
THAT ISRAEL IS THE DIRECT TARGET OF THE PROPOSAL, ALTHOUGH
THE PROPOSAL CAN ALSO BE EXPECTED TO HAVE PARTICULAR APPEAL
TO THOSE WHO HAVE ATTEMPTED IN PAST YEARS TO EXPEL SOUTH
AFRICA FROM THE UPU. THE US CONSIDERS IT IMPORTANT THAT WE
DEFEAT THE AMENDMENTS, ADOPTION OF WHICH REQUIRES THE
AFFIRMATIVE VOTE OF TWO-THIRDS OF THE FULL UPU MEMBERSHIP.

CN: 951

PGL

CHG

ECON

RF

CHRN

*Not Productive
reaction just went yard!
reaction + reaction =
explosion.
Chron File
Sage*

4. IF WE ARE SUCCESSFUL IN BLOCKING THE CONSTITUTIONAL AMENDMENTS, ISRAEL'S OPPONENTS MAY PRESS THE EXCLUSION OF ISRAEL FROM THE CONGRESS. THIS COULD BE ACCOMPLISHED BY A MAJORITY OF THOSE PRESENT AND VOTING. EXCLUSION OF ISRAEL FROM THE CONGRESS COULD ALSO BE PUT FORWARD BY CERTAIN STATES AS A "COMPROMISE" ALTERNATIVE TO EXPULSION FROM THE UPU. WHILE EXCLUSION DOES NOT PREVENT A COUNTRY FROM ENJOYING MOST BENEFITS OF UPU MEMBERSHIP, WE WOULD ALSO STRONGLY OPPOSE EXCLUSION OF ISRAEL FROM THE CONGRESS. SOUTH AFRICA HAS BEEN EXCLUDED FROM EACH CONGRESS SINCE 1964, AND UNDER NO CIRCUMSTANCES DO WE WANT TO SEE ISRAEL TREATED IN THE SAME FASHION. WHILE EXCLUSION OF ISRAEL HAS NOT YET BEEN PROPOSED, AND WE DO NOT WISH TO PRECIPITATE SUCH A MOVE THROUGH UNNECESSARY DISCUSSION, EMBASSIES SHOULD BE FOREWARNED OF THE POSSIBILITY.

5. IN A SEPARATE BUT RELATED MATTER, THE CONGRESS WILL ALSO HAVE TO DISPOSE OF A RESOLUTION WHICH WOULD PURPORT TO EXPEL SOUTH AFRICA WITHOUT AMENDING THE CONSTITUTION. IT IS SPONSORED BY BURUNDI, EGYPT, GHANA, GUINEA, GUINEA-BISSAU, LIBERIA, LIBYA, MALI, MARIITANIA, SOMALIA, SUDAN, AND ZAIRE. BECAUSE THE UPU CONSTITUTION AND RULES OF PROCEDURE DO NOT PROVIDE FOR EXPULSION OF A MEMBER STATE, IT IS OUR VIEW THAT SUCH EXPULSION CANNOT LEGITIMATELY BE CARRIED OUT. IN ANY EVENT SUCH AN ACTION WOULD HAVE NO PRACTICAL EFFECT WITHOUT APPROPRIATE CONSTITUTIONAL AMENDMENTS, IN VIEW OF THE AUTOMATIC APPLICATION OF UN MEMBERS. THEREFORE, EVEN IF A MEMBER COULD BE EXPELLED IT WOULD BE IMMEDIATELY ELIGIBLE FOR READMISSION WITHOUT A VOTE OF THE CONGRESS. THE SOUTH AFRICAN ISSUE HAS ARISEN IN ONE FORM OR ANOTHER AT EACH OF THE CONGRESSES SINCE 1964, WITH THE OUTCOME IN EACH CASE BEING EXCLUSION OF SOUTH AFRICA FROM PARTICIPATION IN THE CONGRESS, BUT NOT EXPULSION FROM THE UPU ITSELF. SOUTH AFRICA IS THUS A MEMBER OF THE UPU, BUT WILL NOT BE SENDING A DELEGATION TO THE RIO CONGRESS.

6. OUR TACTICAL OBJECTIVE IS TO OBTAIN SUPPORT FROM STATES TO OPPOSE ON PRINCIPLE EXPULSION OF MEMBER COUNTRIES FROM THE UPU. WHILE EFFORTS TO EXPEL ISRAEL AND/OR SOUTH AFRICA ARE LIKELY TO BE THE CONCRETE CASES AT ISSUE, WE HOPE TO OBTAIN THE WIDEST POSSIBLE SUPPORT FOR OUR POSITION BY

LT
#1345

NNNVVV ESAW78BRA126
 PP RUUMNR
 DE RUEHC #1305/02 2350713
 ZNY,CCCCC ZZH
 P R 230231Z AUG 79
 FM SECSTATE WASHDC
 TO ALL DIPLOMATIC POSTS PRIORITY
 INFO RUQMBI/AMEMBASSY ABU DHABI 4895
 ELTARA/AMEMBASSY ADDIS ABABA 3321
 RUFRHS/AMEMBASSY ALGIERS 1503
 RUEHAM/AMEMBASSY AMMAN 0749
 RUEHAD/USINT BAGHDAD 1940
 RUQMBE/AMEMBASSY BLINUT 9027
 RUEHDM/AMEMBASSY DAMASCUS 6528
 RUQMOD/AMEMBASSY DOHA 0303
 RUEHUB/USINT HAVANA 8580
 RUEHJM/AMCONSUL JERUSALEM 2250
 RUQMRA/AMEMBASSY JIDDA 0977
 RUQMKW/AMEMBASSY KUWAIT 8199
 RUQMAN/AMEMBASSY MANAMA 5445
 RUQMNT/AMEMBASSY MUSCAT 1401
 RUDKET/AMEMBASSY RABAT 3550
 RUQANS/AMEMBASSY SANA 5437
 RUQWZN/USMISSION SINAI 9818
 RUQMYR/AMEMBASSY TEHRAN 4213
 RUEHTV/AMEMBASSY TEL AVIV 5917
 RUQMTI/AMEMBASSY TRIPOLI 9621
 RUDKRR/AMEMBASSY TUNIS 4937
 RUHJFS/AMEMBASSY VIENTIANE 0300
 BT

C O N F I D E N T I A L

LIMITED OFFICIAL USE SECTION 02 OF 03 STATE 221305/22

EMPHASIZING THE PROBLEM IN PRINCIPLE WITH EXPULSION--OR
 EXCLUSION FROM PARTICIPATION--OF ANY MEMBER. SIMILARLY,
 WHILE EFFORTS TO EXPEL OR EXCLUDE MAY BE DIRECTED AT BOTH
 ISRAEL AND SOUTH AFRICA, THERE ARE OBVIOUS TACTICAL DIS-
 ADVANTAGES TO LINKING THE TWO IN OUR DEMARCHES. ACCORDING-
 LY, WE INTEND TO HANDLE THE TWO CASES DIFFERENTLY.

7. EMBASSIES ARE REQUESTED TO RAISE MATTER OF UNIVERSAL
 PARTICIPATION IN THE UPU WITH HOST GOVERNMENTS, DRAWING AS
 APPROPRIATE ON FOLLOWING TALKING POINTS, UNLESS EMBASSY
 BELIEVES IT WOULD BE COUNTERPRODUCTIVE:

--THE 18TH CONGRESS OF THE UNIVERSAL POSTAL UNION IS
 SCHEDULED FOR SEPTEMBER 12 TO OCTOBER 26 IN RIO DE JANEIRO.
 AS THE UNITED NATIONS SPECIALIZED AGENCY CONCERNED WITH
 INTERNATIONAL POSTAL MATTERS, THE UPU FILLS AN IMPORTANT
 NEED OF THE INTERNATIONAL COMMUNITY.

--IT IS OUR UNDERSTANDING THAT AMONG THE PROPOSALS TO BE
 CONSIDERED BY THE CONGRESS ARE AMENDMENTS TO ARTICLES 11
 AND 12 OF THE CONSTITUTION, WHICH AMENDMENTS WOULD
 ESTABLISH PROCEDURES FOR "RETRACTION" BY THE CONGRESS OF
 ACCESSION OF MEMBER STATES. THESE AMENDMENTS WOULD THUS
 AUTHORIZE EXPULSION OF MEMBERS FROM THE UPU.

--EXPULSION FROM THE UPU COULD SEVERELY PREJUDICE POSTAL
 COMMUNICATIONS BETWEEN THE EXPELLED STATE AND THE OTHER
 MEMBERS OF THE UPU AND, NO LESS SERIOUSLY, WOULD ELIMINATE
 THE PRINCIPLE OF UNIVERSAL MEMBERSHIP ON WHICH THE UPU NOW
 OPERATES. SUCH POLITIZATION OF A UN AGENCY WOULD SERIOUSLY
 UNDERCUT THE INTEGRITY OF THE ORGANIZATION AND INTERFERE
 WITH THE TECHNICAL WORK IT IS INTENDED TO ACCOMPLISH: THE
 MOVEMENT OF INTERNATIONAL MAIL. IT WOULD ALSO UNDERCUT
 PUBLIC SUPPORT FOR THE UN SYSTEM IN OUR COUNTRY.

--WE BELIEVE THAT APPROVAL BY THE CONGRESS OF THE PROPOSED CONSTITUTIONAL AMENDMENT AUTHORIZING "RETRACTION OF THE ACCESSION" OF A MEMBER STATE WOULD BE A SERIOUS MISTAKE AND WE HOPE THE GOVERNMENT OF [REDACTED] WILL INSTRUCT ITS DELEGATION TO OPPOSE SUCH ACTION.

--WE HAVE REASON TO BELIEVE THE PROPOSED CONSTITUTIONAL AMENDMENTS ARE INTENDED TO FACILITATE EXPULSION OF ISRAEL FROM THE UPU. WE HOPE THE GOVERNMENT OF [REDACTED] APPRECIATES THE NEGATIVE EFFECT EXPULSION OF ISRAEL FROM THE UPU, OR ANY OTHER ACTION DESIGNED TO LIMIT ISRAELI PARTICIPATION IN THE UPU, WOULD HAVE ON THE UPU ITSELF AND THROUGHOUT THE UNITED NATIONS SYSTEM. AS THE GOVERNMENT OF [REDACTED] WILL

APPRECIATE, ANY SUCH ACTION WOULD ELICIT AN EXTREMELY NEGATIVE REACTION IN THE UNITED STATES.

--WE HOPE THE [REDACTED] DELEGATION WILL BE INSTRUCTED TO TAKE THE NECESSARY ACTION TO PREVENT THE CONFRONTATION THAT WOULD RESULT AT THE RIO CONGRESS FROM ANY EFFORT TO LIMIT ISRAELI PARTICIPATION IN THE UPU. IT IS THE OPINION OF THE UNITED STATES GOVERNMENT THAT DISCUSSION OF THIS OR OTHER EXTRANEOUS POLITICAL ISSUES CAN ONLY IMPEDE THE EFFECTIVENESS OF THE CONGRESS AND THE UPU. HOWEVER, SHOULD ANY SUCH EFFORT BE MADE, WE HOPE YOUR DELEGATION WILL BE INSTRUCTED TO OPPOSE ANTI-ISRAELI ACTIONS BY THE CONGRESS.

--(TO BE USED ONLY IN DISCUSSION IF FOLLOWING SPECIFIC CONTINGENCY IS RAISED BY HOST GOVERNMENT) THE GOVERNMENT OF THE UNITED STATES WOULD ALSO STRONGLY OPPOSE ANY EFFORTS TO EXCLUDE ISRAEL FROM THIS CONGRESS FOR THE SAME REASONS GIVEN ABOVE. THE AMERICAN PEOPLE WOULD NOT DIFFERENTIATE BETWEEN EXCLUSION AND EXPULSION, AND THEIR REACTION TO EITHER EVENT WOULD BE EQUALLY NEGATIVE. IN THE INTEREST OF PRESERVING THE INTEGRITY OF THE UPU AND THE RIO CONGRESS, WE HOPE THE GOVERNMENT OF [REDACTED] WILL JOIN US IN ATTEMPTING TO PREVENT EXCLUSION OF ISRAEL FROM THE CONGRESS SHOULD SUCH A PROPOSAL BE MADE.

C. FOR BERN, BONN, OTTAWA, LONDON, STOCKHOLM, THE HAGUE
TOKYO: EMBASSIES SHOULD RAISE WITH HOST GOVERNMENTS THE
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 DE RUEHC #1305/03 2350715
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 INFO RUQMBI/AMEMBASSY ABU DHABI 4896
 RUQABA/AMEMBASSY ADDIS ABABA 3322
 RUQFDS/AMEMBASSY ALGIERS 1504
 RUQHAN/AMEMBASSY AMMAN 0750
 RUHQDD/USINT BAGHDAD 1941
 RUQMLE/AMEMBASSY BEIRUT 9028
 RUQHDM/AMEMBASSY DAMASCUS 6529
 RUQJOD/AMEMBASSY DORA 0304
 RUHQUS/USINT HAVANA 8581
 RUQHJH/AMCONSUL JERUSALEM 2251
 RUQHRA/AMEMBASSY JIDDA 8978
 RUQXKW/AMEMBASSY KUWAIT 8200
 RUQMAN/AMEMBASSY MANAMA 5446
 RUQMAT/AMEMBASSY MUSCAT 6402
 RUQKIT/AMEMBASSY RABAT 3551
 RUQENS/AMEMBASSY SANA 5438
 RUQYZN/USMISSION SINAI 9819
 RUQCHR/AMEMBASSY TEHRAN 4214
 RUERTV/AMEMBASSY TEL AVIV 5918
 RUQNTI/AMEMBASSY TRIPOLI 9622
 RUQXNR/AMEMBASSY TUNIS 4938
 RUQJFE/AMEMBASSY VIENTIANE 0321
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C O N F I D E N T I A L

LIMITED OFFICIAL USE FINAL SECTION OF 03 STATE 221305/03

POSSIBILITY OF THEIR MAKING DEMARCHES SIMILAR TO OUR OWN TO OTHER CAPITALS PRIOR TO THE SEPTEMBER 12 CONGRESS.

9. FOR BORN ONLY: DR. FRITZ KOLLER, HEAD OF THE INTERNATIONAL POSTAL SERVICE, FEDERAL MINISTRY OF POSTS AND TELECOMMUNICATIONS, WILL BE CHAIRMAN OF THE FOURTH (GENERAL) COMMITTEE AT THE RIQ CONGRESS. THIS COMMITTEE WOULD NORMALLY CONSIDER CONSTITUTIONAL AMENDMENTS (SEE PARA 15 OF REFTEL AND STATE 227641). ISRAEL HAS AGREED WITH OUR ASSESSMENT THAT IT WOULD BE PREFERABLE FOR THE AMENDMENTS TO BE CONSIDERED THERE RATHER THAN IN PLENARY. ISRAEL SHOULD HAVE ALREADY HAVE CONTACTED KOLLER ALONG THE LINES RECOMMENDED IN STATE 207641 PARA 3, BUT WE DO NOT HAVE A REPORT ON THE CONTACT. BY VIRTUE OF HIS CHAIRMANSHIP OF THE FOURTH COMMITTEE, KOLLER WILL BE A MEMBER OF THE CONGRESS BUREAU (THE CONGRESS STEERING GROUP) AND MAY BE IN A KEY POSITION TO AFFECT CONGRESS DECISIONS. EMBASSY MAY WISH TO TOUCH BASE WITH KOLLER, INDICATING THE IMPORTANCE OF ATTACH TO MAINTAINING THE UNIVERSALITY OF THE UPD AND OUR DESIRE, IN PARTICULAR, OF AVOIDING ANY ACTION AGAINST

ISRAEL.

10. FOR BRASILIA: PRESIDENT OF THE UPU CONGRESS WILL BE ADWALDO CARDOZO BOTTO DE CARROS, PRESIDENT OF THE BRAZILIAN ENTERPRISE OF POSTS AND TELEGRAPHS. CHARGE D'AFFAIRES OF THE CONGRESS WILL BE NEWLY LOPEZ LANDEIRA, OF THE SAME ORGANIZATION. IF AMBASSADOR BELIEVES THAT US OBJECTIVES, AS SET FORTH IN THIS CABLE, WOULD BE ADVANCED BY HIS CONTACTING BOTTO, WE REQUEST THAT SUCH A CONTACT BE MADE WITH A VIEW TO EMPHASIZING THE IMPORTANCE WE ATTACH TO MAINTAINING THE UNIVERSALITY OF THE UPU AND EXPRESSING THE HOPE THAT CONTROVERSIAL POLITICAL ISSUES CAN BE AVOIDED.

11. FOR MEXICO CITY: ROMEO RINCON SERRANO, DIRECTOR GENERAL OF POSTS WILL HEAD THE MEXICAN DELEGATION AND WILL BE CHAIRMAN OF THE CREDENTIALS COMMITTEE, WHICH WILL ALSO MAKE HIM A MEMBER OF THE CONGRESS BUREAU (A STEERING GROUP CONSISTING OF THE OFFICERS OF THE CONGRESS AND COMMITTEE CHAIRMEN). EMBASSY MAY WISH TO CONTACT HIM IN ADDITION TO APPROPRIATE MFA OFFICIALS AND EXPRESS THE HOPE THAT HE WILL USE HIS POSITION TO HELP ENSURE MAINTENANCE OF THE PRINCIPLE OF UNIVERSALITY IN THE UPU.

12. IF ISSUE OF SOUTH AFRICA IS RAISED BY HOST GOVERNMENT, POSTS SHOULD DRAW ON LEP P FOR RESPONSE.

13. TALKING POINTS IN FRENCH AND SPANISH WILL FOLLOW
JEP. CHRISTOPHER

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#1745

Figure 1

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BY ELECTATE WASHDC

INFO REATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2696

FM JCRC/DCD/ISA WASHDC PRIORITY

CONFIDENTIAL SECTION 31 OF US STATE 225243/01

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E.O. 12365 GDS 9/27/85 (MONTVILLE, JOSEPH V.)

TAGS: EG, IS, PINR

POL
CNG
CHRON
ECON
RF

SUBJECT: INTSUM 883 - AUGUST 27, 1979

LONDON FOR GLASPIE

PAID FOR NICHOLAS MURPHY

000/ISA FOR RANSOM

OTHER ADDRESSEES FOR CHIEFS OF MISSION

WARNING NOTICE SENSITIVE SOURCES AND METHODS INVOLVED
NOT RELEASABLE TO FOREIGN NATIONALS

(PARAGRAPHS 1-6 CONFIDENTIAL)

1. ISRAEL: THE STATE OF THE LABOR PARTY: THE POLITICAL FORTUNES OF THE LABOR PARTY ARE IMPROVING. INDEED, THE TREND TOWARD LABOR AND AWAY FROM THE LIKUD HAS ACCELERATED IN RECENT MONTHS. THE LATEST PUBLIC OPINION POLL INDICATES THAT LABOR WOULD WIN A CLEAR VICTORY OVER THE LIKUD IF ELECTIONS WERE HELD NOW. (OF COURSE, LABOR WOULD STILL FALL CONSIDERABLY SHORT OF A MAJORITY, HOWEVER, AND WOULD HAVE TO FORM A COALITION WITH THE NATIONAL RELIGIOUS PARTY.)

2. LABOR'S SHARP ASCENT IN RECENT MONTHS IS PROBABLY DUE TO THE MISTAKES OF OTHERS RATHER THAN TO ANY NOTE-WORTHY INTERNAL RECONSTRUCTION. THE PERCEPTION THAT THE LIYED ADMINISTRATION IS INCOMPETENT, ESPECIALLY IN THE MANAGEMENT OF THE ECONOMY, IS PERVASIVE, AND THAT HAS HELLED LABOR. THE OPEN FEELING OF LEADING MINISTERS HAS ALSO DAMAGED THE CREDIBILITY OF THE LIYED.

3. OF ALMOST EQUAL SIGNIFICANCE HAS BEEN THE ELIMINATION OF THE ORIGINAL YADIN PARTY (DMC) AS A SERIOUS POLITICAL FACTOR. RECENT POLLS INDICATE A VIRTUAL TOTAL EVAPORATION OF PUBLIC SUPPORT FOR IT. THE GREAT BULK OF THE ORIGINAL DMC VOTERS HAVE RETURNED THEIR ALLEGIANCE TO THE LABOR PARTY.

4. ALL IS NOT ROSES FOR THE LABOR PARTY, HOWEVER. THE RECENT PUBLICATION OF FORMER PRIME MINISTER RABIN'S MEMOIRS EXPOSES DEEP DISUNITY WITHIN THE LABOR ALIGNMENT. RABIN ACCUSES THE LEADER OF THE LABOR PARTY, PERES, OF LYING, DECEPTION, AND SECURITY LEAKS DURING THE LAST LABOR GOVERNMENT. RABIN'S CLAIM THAT PERES IS UNFIT TO BE PRIME MINISTER WILL NOT HELP LABOR.

5. THE PRESENT STORM PROBABLY WILL NOT AFFECT PERES' POSITION. LABOR IS MORE OR LESS COMMITTED TO FOLLOW PERES' LEADERSHIP, AND THE LATTER REMAINS THE ODDS-ON FAVORITE TO BECOME PRIME MINISTER IN THE EVENT THAT LABOR WINS THE NEXT ELECTION. A REAL PROBLEM COULD DEVELOP FOR PERES AND LABOR, HOWEVER, IF RABIN REPEATS OR INTENSIFIES HIS CHARGES JUST BEFORE THE NEXT ELECTION.

6. EVEN IF THIS WERE TO HAPPEN, HOWEVER, THE PERFORMANCE OF THE PRESENT COALITION GOVERNMENT IS LIKELY TO BE A MORE IMPORTANT ELECTION ISSUE THAN OLD LABOR PARTY SCANDALS. THE MEMORIES OF MANY ISRAELI VOTERS ARE SHORT, AND THEIR ATTENTION WILL REMAIN DRAWN TO THE LIXUD GOVERNMENT'S OPERATIONS.

7. (U) ISRAELI PRESS: IN HIS JERUSALEM POST ARTICLE ON AMBASSADOR STRAUSS, GOLF BLITZER WROTE AUGUST 24 THAT THE LATEST CHAPTER IN THE MIDDLE EAST PEACE NEGOTIATIONS AT LEFT AMBASSADOR STRAUSS WITH "A PRAYED CONFIDENCE." THE ARTICLE BEGAN BY SAYING THAT "THE CARTER ADMINISTRATION'S RECENTLY SHAPED PROPOSAL TO HAVE THE US INTRODUCE ITS OWN SO RESOLUTION... WAS A MAJOR DIPLOMATIC BLUNDER." A HA'ARETZ INTERVIEW WITH THE AMBASSADOR SAID THAT "WHEN STRAUSS SAYS PEOPLE ARE SPEAKING ILL OF

ISRAEL... (PREVENTING) PALESTINIAN PARTICIPATION IN THE TALKS, AND WHEN STRAUSS HINTS THAT HE DOES NOT SUBSCRIBE TO THE VIEW... (HE) COULD BE SAYING INDIRECTLY THAT ISRAEL MUST NOT LET SUCH THOUGHTS TO GET HOLD."

ELSEWHERE, A HA'ARETZ ARTICLE SAYS WASHINGTON'S INTEREST HAS SHIFTED FROM THE ARAB-ISRAELI DISPUTE TO THE LINKAGE OF OIL TO PALESTINIANS.

WRITING FROM WASHINGTON, A YEDYOT AHARANOT REPORTER WAINS THAT THE "ECONOMIC BILL FOR THE BLUNDERS OF (ISRAELI FINANCE MINISTER) ENALICH AND COMPANY IS FOOTED BY UNCLE SAM WHO WILL SOON FIND THE ACCOUNT TOO BIG TO BANKROLL." HE ALSO WROTE THAT "THE MOST STUNNING DISCOVERY TO HAVE EMERGED FROM THE YOUNG AFFAIR IS THAT THE ARABS AND THE PLO HAVE AT LONG LAST MANAGED TO SELL THEIR CAUSE TO THE AMERICAN PUBLIC." BUT HE CHARGES THAT "NOW WHEN THE SITUATION CALLS FOR US TO WALK ON TIPTOE... ISRAELI (OFFICIALS) CARRY ON LIKE BULLS IN A CHINA SHOP."

8. (C) GOLAN-SHARON CLAIMS: IN AN AUGUST 23 VISIT TO BRUZE VILLAGE ON THE GOLAN HEIGHTS, SHARON RENEWED HIS CLAIM THAT ISRAEL INTENDS TO KEEP THE GOLAN EVEN IN THE EVENT OF PEACE WITH SYRIA. "AS FAR AS I AM CONCERNED," HE SAID, "THE GOLAN HEIGHTS ARE AN INTEGRAL PART OF

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C O N F I D E N T I A L SECTION #2 OF #3 STATE 225283/02

ISRAEL...IN MY OPINION, THE GOVERNMENT VIEWS IT AS I DO, ONLY IT HAS USED DIFFERENT WORDING." EMBASSY TEL AVIV COMMENTS THAT STATEMENTS LIKE SHARON'S AND OTHER ACTIONS, LIKE THE ANNEXATION PETITION (WHICH NOW HAS REPORTEDLY 400,000 SIGNATURES) ARE SUBSTITUTES FOR CONCRETE ACTIONS IN ANNEXING THE GOLAN. THE GOVERNMENT'S HESITATION TO GRANT IDENTITY CARDS TO THE DRUZE IN THE AREA IS ANOTHER INDICATION OF ITS AMBIVALENCE ON THE ISSUE, THE EMBASSY SAYS. WEIZMAN HAS SIGNED THE ANNEXATION PETITION, LARGELY FOR RHETORICAL PURPOSES.

BEGIN AND DAYAN HAVE NOT SIGNED IT AND DAYAN CONTINUES TO BELIEVE THAT ULTIMATELY, ISRAEL WILL HAVE TO WITHDRAW FROM MOST OF THE GOLAN.

9. (C/NF) ISRAEL: NEAR LOSS OF AIRCRAFT: ON AUGUST 15 THE ISRAELI AIR FORCE (IAF) NEARLY LOST ITS FIRST E-2C WARNING AND CONTROL AIRCRAFT. AN ON BOARD FIRE FORCED THE PLANE TO MAKE AN EMERGENCY LANDING. THE AIRCRAFT WAS SEVERELY DAMAGED AND WILL BE INOPERABLE FOR ONE TO SIX MONTHS. THE LONGER PERIOD IS CONSIDERED MORE LIKELY. E-2CS HAVE BEEN USED SINCE JUNE 1979 TO SUPPORT ISRAELI STRIKE AND RECONNAISSANCE MISSIONS OVER LEBANON. ISRAEL HAS THREE OTHER E-2CS IN ITS INVENTORY.

10. (U) ISRAEL-UNITED ISSUE: JERUSALEM RADIO REPORTED THAT AUGUST 26 ISRAELI CABINET MEETING DECIDED TO DEMAND THAT THE UNITED STATES HONOR ITS COMMITMENT REGARDING THE PRESENCE OF UN FORCES IN SINAI OR THE ESTABLISHMENT OF A MULTINATIONAL FORCE THERE. FOREIGN MINISTER DAYAN REPORTEDLY SAID INSIDE THE MEETING THAT ISRAEL SHOULD CONSIDER ITS REACTION BEFORE ANY MORE OF THE SINAI PENINSULA IS RETURNED. THERE WERE OTHER MINISTERS WHO PROPOSED EXPLICITLY INFORMING THE US AND EGYPT THAT IF AN EARLY SOLUTION IS NOT FOUND, ISRAEL WILL NOT EVACUATE THE AREA IT IS SCHEDULED TO LEAVE THE MIDDLE OF NEXT MONTH. THE RADIO'S POLITICAL CORRESPONDENT NOTES THAT EFFORTS TO CLARIFY THIS ISSUE WITH THE US ADMINISTRATION WILL BE UNDERTAKEN SOON, CULMINATING IN THE MEETINGS DAYAN WILL HOLD IN THE US NEXT MONTH.

11. (U) ISRAEL CABINET-LEBANON: JERUSALEM RADIO REPORTS THAT IN THE NEXT FEW DAYS THE ISRAELI CABINET WILL DISCUSS MEASURES ISRAEL HAS BEEN TAKING IN LEBANON. SOME MINISTERS REPORTEDLY TOOK EXCEPTION TO CURRENT ISRAELI AIR AND GROUND OPERATIONS.

NEVER, CABINET SECRETARY NA'OR AUGUST 26 SUMMED UP ISRAEL'S POSITION ON THE FIGHTING BY BLAMING "TERRORISTS OF THE SO-CALLED PLO" FOR ESCALATING THE FIGHTING. HE CITED PALESTINIAN CLASHES WITH FIJIAN SOLDIERS AND ROCKET ATTACKS AGAINST ISRAELI CIVILIAN SETTLEMENTS (CARRIED OUT AFTER A WEEK OF HEAVY ISRAELI/NIGHTTIME SHELLING OF SOUTH LEBANON). "OF COURSE, WE ARE LAUNCHING COUNTER-ATTACKS ON THOSE MURDERERS...AND WE SHALL CONTINUE," NA'OR SAID.

12. (U) ISRAEL-DEPORTATION: CONSULATE GENERAL JERUSALEM REPORTS THAT THE AUGUST 22 ISSUE OF AN ARAB NEWSPAPER CLAIMED THAT A PALESTINIAN FROM A VILLAGE NEAR HAMALLAH IN THE WEST BANK WAS DEPORTED "RECENTLY" BY THE ISRAELI MILITARY AUTHORITIES. THE DEPORTEE HAD ARRIVED ON THE WEST BANK IN FEBRUARY UNDER A FAMILY REUNION PROGRAM. THE ISRAELI SUPREME COURT UPHOLD THE ACTION. (THE NUMBER OF DEPORTATIONS FROM THE WEST BANK HAS DROPPED DRASTICALLY IN RECENT YEARS BUT THE POLICY OBVIOUSLY REMAINS IN FORCE.)

13. (U) ISRAEL-BOMBING: A VOICE OF PALESTINE BROADCAST (LO) CLAIMED THAT AT NOON (LOCAL) AUGUST 26 A BOMB EXPLODED AT AN "ENEMY PERSONNEL PICKUP POINT" (POSSIBLY A SWITCHING STATION FOR IDF PERSONNEL) NEAR JERUSALEM. THE BROADCAST REPORTED THAT A "NUMBER OF ENEMY PERSONNEL WERE KILLED OR WOUNDED" AND THAT A NEARBY ELECTRICAL STATION WAS DAMAGED. IT ALLEGED THAT ISRAEL RADIO HAD CONFIRMED THE INCIDENT. WE HAVE NO CONFIRMATION FROM ISRAEL THAT SUCH AN ATTACK OCCURRED.

14. (U) WEIZMAN-GAZA STRIP: EMBASSY TEL AVIV REPORTS THAT WEIZMAN'S AUGUST 23 VISIT TO THE GAZA STRIP WAS LARGELY A MEDIA EVENT AND AN ATTEMPT TO DEMONSTRATE HIS CONCERN FOR BOTH JEWISH SETTLERS AND PALESTINIANS. HE INDICATED POSITIVE MOVEMENT ON SOME PALESTINIAN REQUESTS. WHEN ASKED BY SETTLERS ABOUT THE GOVERNMENT'S POLICY ON THE FUTURE OF GAZA AND OF SETTLEMENTS BEYOND THE GREEN LINE, WEIZMAN'S DEPUTY SAID, ACCORDING TO ISRAELI RADIO, THAT ANOTHER SETTLEMENT IS EXPECTED WITHIN THE KATIF DISTRICT WITHIN TWO WEEKS BRINGING THE TOTAL NUMBER OF SETTLEMENTS THERE TO FOUR. WEIZMAN ADVISED THE SETTLERS TO "GO ON QUIETLY BUILDING YOUR FUTURE. THE ISRAELI GOVERNMENT...WILL DECIDE BY ITS DECISION. WE SHALL DEVELOP THIS REGION EXACTLY ACCORDING TO THE PLANS WE HAVE ADOPTED." THE EMBASSY COMMENTS THAT WEIZMAN ALSO IS MAKING THE POINT THAT EVEN THOUGH HE IS AVOIDING THE AUTONOMY TALKS, HE IS STILL THE ISRAELI OFFICIAL RESPONSIBLE FOR THE WEST BANK AND GAZA.

15. (U) PERSIAN GULF-OIL TANKER SINKS: PRESS AND EMBASSY REPORTING INDICATES THAT A SINGAPOREAN TANKER SANK NEAR ABU DHABI AUGUST 26 AFTER AN EXPLOSION ON BOARD. THE

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C O N F I D E N T I A L FINAL SECTION OF 03 STATE 225253/03

TANER, A RELATIVELY SMALL VESSEL (10,000 DWT) NAMED
MV CERRY DUKF, BROKE UP AND SANK ABOUT 17 MILES FROM
DAS ISLAND. PRESS REPORTS INDICATE THAT THE SHIP'S AGENTS
ATTRIBUTE THE EXPLOSION TO GAS AND OIL VAPORS IN THE SHIP
AND NOT TO SABOTAGE. THE ABU DHABI MARINE AUTHORITY

REPORTED THAT THE VESSEL WAS TRAVELLING IN BALLAST FROM
PARACEL BOUND FOR JEBEL DANA (A PORT WEST OF ABU DHABI).
FIVE CREW MEMBERS ARE MISSING; ONE DIED EN ROUTE TO
ABU DHABI.

16. (U) PLO-ROMANIA: YASSIR ARAFAT MET AUGUST 25 WITH
NICOLAI CEAUDESCU AT A BUCHAREST SUBURB ONLY NINE DAYS
AFTER THE TWO MEN HAD CONFERRED IN DAMASCUS. AP REPORTS
THAT THE ROMANIAN NEWS AGENCY SAID A JOINT STATEMENT WAS
ISSUED WHICH CALLED FOR ISRAEL'S "TOTAL, UNCONDITIONAL
AND UNDELAYED WITHDRAWAL FROM OCCUPIED TERRITORIES."
THE STATEMENT ALSO DEMANDED RECOGNITION OF THE
PALESTINIAN PEOPLE'S INALIENABLE NATIONAL RIGHTS,
INCLUDING THE RIGHT TO SELF-DETERMINATION, TO RETURN TO
ITS HOME AND TO ESTABLISH ITS OWN INDEPENDENT STATE.
IF THE AP REPORT IS CORRECT, THIS FORMULATION WOULD GO
WELL BEYOND ANYTHING TO WHICH ROMANIA HAS COMMITTED
ITSELF IN ITS EFFORTS TO MEDIATE ARAB-ISRAELI DIFFERENCES.

ARAB PRESS REPORTS MENTION THAT ARAFAT MAY TRAVEL
TO THE USSR PRIOR TO GOING TO THE NON-ALIGNED SUMMIT IN
HAVANA. THE SOVIETS ARE THOUGHT TO BE UNHAPPY WITH SOME
OF ARAFAT'S RECENT INITIATIVES.

17. (U) PLO-KREISKY: REUTER REPORTS THAT AUSTRIAN
CHANCELLOR KREISKY HAS IN AN INTERVIEW WITH A QATAR
NEWSPAPER URGED THE WORLD TO RECOGNIZE THE PALESTINIAN
PEOPLE'S RIGHT TO SELF-DETERMINATION. KREISKY SAID
PROMINENT JEWISH-AMERICAN NAUM GOLDMANN HAD EXPRESSED
THE WISH TO MEET ARAFAT AND CONDUCT A DIALOGUE WITH HIM.
KREISKY OFFERED THE VIEW THAT ARAFAT "TACKLES MATTERS

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PRACTICALLY AND OBJECTIVELY.

18. (LON) "LET THEM DRINK SEAWATER"-SADAT STRIKES AGAIN: EMBASSY CAIRO REPORTS THAT SADAT DENIED THE VALUE OF A NEW RESOLUTION ON THE PALESTINIANS AND AGAIN LAMPEASTED HIS ARAB CRITICS IN A SPEECH IN SUEZ AUGUST 26. SADAT BEGAN BY SAYING THAT A NEW SECURITY COUNCIL RESOLUTION COULD NOT GIVE THE PALESTINIANS SELF-RULE, RELEASE PALESTINIAN PRISONERS, FORCE AN ISRAELI WITHDRAWAL OR END ISRAELI CIVILIAN AND MILITARY RULE. EGYPT, SADAT SAID, HAS ACHIEVED ISRAELI WITHDRAWAL AND PALESTINIAN SELF-RULE. HE SAID ISRAELI SECURITY FORCES WILL NOT BE AN ARMY OF OCCUPATION AND WILL BE PULLED BACK TO LIMITED SECURITY POINTS. SADAT SAID HE TOLD AMBASSADOR STRAUSS THAT EGYPT WOULD NOT RETREAT FROM CAMP DAVID. HE SAID

ANY NEW RESOLUTION SHOULD MEET TWO CONDITIONS: A PRECISE DEFINITION OF THE LEGITIMATE INTERESTS OF THE PALESTINIANS AND NON-INTERFERENCE WITH THE CAMP DAVID ACCORDS.

SADAT SAID HIS ARAB CRITICS COULD "SPOUT AND DRINK FROM THE SEA." HE SAID THESE ARABS ARE HYPOCRITES, SINCE THEY HAVE PRIVATELY TOLD THE US THEY ARE OPPOSED TO A PALESTINIAN STATE. HE IMPLIED THAT THE SAUDIS AND OTHER ARAB STATES ARE CELEBRATING THE MUSLIM HOLIDAYS WITH GOLD, FEINERY AND GAMBLING. SAUDI BEHAVIOR, HE SAID, IS RIDICULOUS, PETTY AND CHILDISH. HE RETURNED TO HIS PAST PRACTICE OF BELITTLING THE PRESENT SAUDI LEADERSHIP BY RAISING THE REIGN OF KING FAISAL. HE DISMISSED KING MUSEIN AS AN IMPORTUNING BEGGAR. HIS ONLY KIND WORDS WERE FOR SUDAN, OMAN AND SOMALIA.

19. (U) UNIFIL-CASUALTIES: THREE FIJIAN UNIFIL SOLDIERS WERE KILLED AND TWO WERE WOUNDED, ONE CRITICALLY, AUGUST 24 WHEN THEIR PATROL WAS AMBUSHED, APPARENTLY BY REMNANTS OF PALESTINIAN LEFTISTS. THE INCIDENT IS THE LATEST IN A SERIES OF CLASHES OVER THE PAST THREE DAYS BETWEEN UNIFIL TROOPS AND THE LEFTISTS, ONE OF WHOM WAS KILLED BY A FIJIAN SOLDIER EARLIER THIS WEEK. SEVERAL UNIFIL SOLDIERS WERE WOUNDED TWO DAYS AGO IN TWO FIRE FIGHTS.

20. (U) FRG-LEBANON: PRESS REPORTS AUGUST 24 SAID A HAND GRENADE WAS THROWN AT THE WEST GERMAN EMBASSY IN BEIRUT. THIS IS THE SECOND ATTACK ON THE EMBASSY WITHIN A WEEK. NO DAMAGE OR CASUALTIES RESULTED. THE LATEST INCIDENT CAME FOUR DAYS BEFORE THE VISIT OF FRG FOREIGN MINISTER GENSCHER.

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21. (C) LEBANON-PROXIMITY FUSES: AMBASSADOR DEAN HAS
EXPRESSED THE VIEW THAT ISRAEL'S APPARENT ADMISSION IN A
RECENT INTELLIGENCE REPORT FROM OUR DEFENSE ATTACHE IN
TEL AVIV THAT IT IS USING PROXIMITY FUSES IN LEBANON,
WHICH EXPLODE BEFORE THEY HIT THE GROUND, IS AN ADMISSION
THAT ISRAEL IS USING A VERY LETHAL ANTI-PERSONNEL WEAPON.
ISRAEL HAS CLAIMED THAT THESE ROUNDS ARE USED AGAINST
"ORANGE GROVES" AND "FORESTS" FOR "EFFECT PURPOSES." CHRISTOPHER

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SECRET SECTION 21 OF 03 STATE 23310/01
P.O. 12367; GDS 1/5/95 (MONTVILLE, JOSEPH V.)

21 MAGS: EG, IS, PIR

CONFIDENTIALITY SUM 6-7 - SEPTEMBER 9, 1979

1. NO. 100 FOR GLASSIE
2. NO. 100 FOR NICHOLAS MURPHY
3. NO. 100 FOR LANSOP
4. OTHER ADDRESSES & CHIEFS OF MISSION

(PARAGRAPHS 1-3 SECRET)

2. SYRIA AND IRAQ: A STATUS REPORT: RECENT EVENTS
SUGGEST THAT THE SYRIAN-IRAQI RELATIONSHIP HAS COOLED
STILL FURTHER, WITH OLD MUTUAL ANIMOSITIES COMING CLOSER
TO THE SURFACE.

1. PRESIDENT ASSAD PUBLICLY VENTED HIS FRUSTRATIONS IN A RECENT INTERVIEW WITH THE WEST GERMAN MAGAZINE DER SPIEGEL. "WE HAVE INDEED ACHIEVED NOTHING SO FAR," ASSAD SAID, "REFUSING TO YIELD 'UNITY' REPORT TOWARD IRAQ. HE SAID THAT IT MAY BE NECESSARY TO LET TIME PASS 'TILL OUR BROTHERS IN IRAQ WILL BE WILLING TO EMBARK AGAIN ON THE COMMON PATH.'" HE ADDED, "THIS IS SOLELY UP TO THE IRAQI LEADERSHIP."

INNOUENCE OF ANY COMPLICITY IN WHAT IS GOING IN IRAQ. SOME
STATEMENT WAS PROBABLY NECESSARY BECAUSE IRAQI ACCUSATIONS
AGAINST THE SYRIANS, THOUGH COINED IN VAGUE TERMS, HAD
REACHED A LEVEL THAT DAMASCUS MUST HAVE FOUND UNBEARABLE.

7. (U) PL-511 T SADRAN FOLSAIN HAS MADE VIDEO TAPE CASSETTES
OF THE CONFESSION OF A PRINCIPAL Iraqi COVERT OPERATOR AND
OF HIM TO A NUMBER OF ARAB CAPITALS FOR PRIVATE

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(B) REINFORCING THIS, USINT BAGHDAD NOTES, WERE WIDE-SPREAD REPORTS IN BAGHDAD THAT SADDAM HAD TOLD THE PARTY FAITHFUL OF THE SYRIAN PRESIDENT'S PERSONAL INVOLVEMENT IN THE PLOT AGAINST HIM.

4. THE SYRIANS, BEFORE THE DER SPIEGEL INTERVIEW, HAD INCREASED IRAQI ANXIETY BY DISPATCHING FOREIGN MINISTER FADIAN TO TEHRAN FOR WIDELY PUBLICIZED MEETINGS WITH IRANIAN LEADERS, INCLUDING AYATOLLAH KHOMEINI. BAGHDAD IS HIGHLY SUSPICIOUS OF IRAN, AND THE IRAQIS ARE PRONE TO FEAR A SINISTER LINK BETWEEN THE SHIITES OF IRAN AND IRAQ AND THE ALAWITE MINORITY THAT RULES SYRIA. WE HAVE NO FIRM EVIDENCE THAT SADDAM'S VISIT TO IRAN PRODUCED ANY ANTI-IRAQI PLANNING.

5. FOR NOW, THE IRAQIS, WHO WERE THE DRIVING FORCE BEHIND THE APPROACHMENT WITH SYRIA, MAY BE CONTENT TO LET THE RELATIONSHIP MARK TIME WHILE THEY LOOK FOR OTHER WAYS TO MAINTAIN OPPOSITION TO EGYPT AND THE CAMP DAVID AGREEMENTS. FOR EXAMPLE, IRAQ IS NOW PURSUING ITS REGIONALIST GOALS IN THE NON-ALIGNED MOVEMENT AND WILL PROBABLY WINE THAT AREA FOR MAXIMUM GAIN BEFORE RETURNING TO CONCENTRATE ON THE MORE NARROW FRONT OF ARAB OPPOSITION TO THE PEACE PROCESS.

6. IRAQ MAY ALSO PUSH HARD ON IMPROVING ITS TIES WITH SAUDI ARABIA AND JORDAN IN ORDER TO STIMULATE ANTI-TREATY EFFORTS. IN THIS REGARD, IT WILL PROBABLY WATCH CLOSELY TO SEE WHAT COMES OF KING KUSSEIN'S VISIT TO THE UNITED STATES THIS MONTH. SIMILARLY, IRAQ WILL SCRUTINIZE THE SAUDIS' REACTIONS FOR ANY SIGNS THAT THEY ARE PLEASED BY US EFFORTS TO ATTRACT PALESTINIANS TO THE PEACE PROCESS.

7. (U) DAYAN-MEETING WITH PLO: THE JERUSALEM POST REPORTED SEPTEMBER 4 THAT MOSHE DAYAN HAD MET WITH A LEADING WEST BANK COMMUNIST, DR. HASSID, WHO HOLDS A SEAT ON THE PALESTINE NATIONAL COUNCIL (THE PLO'S LEGISLATURE). THIS MEETING FOLLOWS AN EARLIER HIGHLY PUBLICIZED MEETING DAYAN HELD WITH A LEADING PLO SYMPATHIZER IN THE GAZA STRIP. INFORMED MILITARY SOURCES TOLD THE POST THAT THE MEETING HAD THE AGREEMENT IN PRINCIPLE OF DEFENSE MINISTER RABEIMAN.

A HEBREW EDITORIAL ASKS, HOW THE ISRAELIS CAN EXPECT FRIENDLY COUNTRIES NOT TO HOLD MEETINGS WITH PLO REPRESENTATIVES WHEN THE FOREIGN MINISTER OF ISRAEL INITIATES A MEETING WITH A FULLY FLYING PLO MAN? THE QUESTION WILL NATURALLY BE ASKED IN THE US WHERE PEOPLE WILL WANT TO KNOW WHY THE US AMBASSADOR TO THE UN HAS TO HOLD

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MEETINGS WITH THE UN PLO OBSERVER UNDERGROUND AND PAY
DEARLY FOR IT.

2. (U) ISRAEL-US AID: THE AMOUNT OF US AID TO ISRAEL
WAS, ALONG WITH THE SADAT VISIT, A MATTER OF GREAT CONCERN
TO THE ISRAELI PRESS SEPTEMBER 4. HA'ARETZ AND DAVAR
COMMENTED UNFAVORABLY ON ISRAEL'S ALLEGED PLANS TO ASK
FOR 3 TO 3.4 BILLION DOLLARS IN US ASSISTANCE. AT A
GOVERNMENT DEBATE ON THE AID REQUEST, FOREIGN MINISTRY
OFFICIALS EXPRESSED RESERVATIONS ABOUT A REQUEST OF SUCH
PROPORTIONS. SOME OF THE PARTICIPANTS IN THE DELIBERATIONS
ESTIMATED THAT, IT WOULD BE VERY DIFFICULT TO ASK THE
AMERICANS FOR SUCH MASSIVE AID IN 1980 AND THE YEARS TO

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DICTED TO CONCENTRATE ON THE FOLLOWING ISSUES:

(A) PALESTINE SELF-RULE IN THE OCCUPIED WEST BANK AND GAZA, PARTICULARLY THE ISSUES OF ORGANIZATION OF ELECTIONS AND THE AMOUNT OF FREEDOM PALESTINIANS ARE TO HAVE;

(B) ISRAEL'S WITHDRAWAL FROM SINAI AND THE EGYPTIAN SUPPLY OF ISRAEL WITH OIL; AND

(C) THE STATUS OF ARAB EAST JERUSALEM.

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12. (U) ALI-WEIZMAN MEETING: ACCORDING TO JERUSALEM RADIO, EGYPTIAN DEFENSE MINISTER ALI SAID THAT IN HIS MEETING WITH DEFENSE MINISTER WEIZMAN, THEY WOULD PRODUCE A PROPOSAL FOR SOLVING THE PROBLEM OF SUPERVISION OF THE SINAI AFTER THE WITHDRAWAL OF UN FORCES.

13. (U) ARENS-LINKING SINAI WITHDRAWAL: IN A TEL AVIV RADIO BROADCAST, CHAIRMAN OF THE KNESSET FOREIGN AFFAIRS AND SECURITY COMMITTEE, MOSHE ARENS, SAID THAT PRIME MINISTER BEGIN IN HIS MEETINGS WITH SADAT SHOULD DEMAND THE SIGNING OF AN AGREEMENT THAT WILL ASSURE THE SUPPLY OF EGYPTIAN OIL TO ISRAEL IN QUANTITIES SUFFICIENT FOR ALL ITS NEEDS AND THAT THIS DEMAND SHOULD BE DIRECTLY LINKED TO ISRAELI WITHDRAWAL.

14. (S) BEGIN-ROMANIAN ENVOY: ACCORDING TO EMBASSY TEL AVIV SIGNS ARE THAT THE UNANNOUNCED VISIT TO PRIME MINISTER BEGIN BY A ROMANIAN ENVIASSARY WAS MAINLY INFORMATIONAL. IASILE PUNGAN, WHO ARRIVED AUGUST 31, BRIEFED BEGIN ON CEAUDESCU'S RECENT TRIP TO THE MIDDLE EAST. THE MEETING WAS APPARENTLY STRAINED BY BEGIN'S REFUSAL TO LISTEN TO AN ACCOUNT OF CEAUDESCU'S TALKS WITH ARABST AND BY HIS CRITICISM OF CEAUDESCU'S STATEMENT FOLLOWING HIS SESSIONS WITH ARABST AND ASSAD.

15. (C) ARAB LEAGUE: A TUNISIAN OFFICIAL TOLD EMBASSY TUNIS THAT THE ARAB LEAGUE COUNCIL OF FOREIGN MINISTERS WILL HOLD AN ORDINARY SESSION IN TUNIS SEPTEMBER 11. HE SAID THE MEETING WILL BE LARGELY ADMINISTRATIVE AND THAT ACTION ON PROPOSALS FOR THE ECONOMIC BOYCOTT OF EGYPT WOULD BE POSTPONED PENDING EXAMINATION OF THE PROGRESS (OR LACK THEREOF) OF THE AUTONOMY TALKS. HOWEVER, A BBC CORRESPONDENT TOLD THE EMBASSY THAT SHE WAS INVITED TO COVER A MEETING OF ARAB LEAGUE ECONOMIC MINISTERS WHICH WAS TO BE HELD SEPTEMBER 4 IN TUNISIA. AN ARAB LEAGUE OFFICIAL SAID THE PURPOSE OF THE MEETING IS TO STUDY THE BOYCOTT ISSUE IN PREPARATION FOR THE FOREIGN MINISTERS' SEPTEMBER 11 MEETING.

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16. (C) ISRAEL-US: EMBASSY CAIRO REPORTS THAT ISRAEL PLACED GREAT EMPHASIS IN A RECENT CAIRO RADIO INTERVIEW ON THE CENTRALITY OF THE US ROLE IN THE PEACE NEGOTIATIONS. THIS, IN EMBASSY CAIRO'S VIEW, IS AN EFFORT TO DEMONSTRATE PUBLICLY THAT ANY SHADOWS IN THE US-EGYPTIAN RELATIONSHIP HAVE PASSED, DESPITE THE APPARENT ANNOYANCE OF SADAT AND ISRAEL WITH INITIAL US POLICY ON THE PALESTINIAN RIGHTS RESOLUTION.

17. (LOU) EGYPT-CRITICISM OF SAUDI ARABIA: IN MEETINGS WITH SEVERAL NEWSPAPER EDITORS, EMBASSY CAIRO OFFICIALS WERE TOLD THAT EGYPTIAN EDITORS DO NOT FEEL UNDER OBLI-

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ATION TO AVOID ATTACKING SAUDI ARABIA DESPITE THE FACT
THAT EARLIER GOVERNMENT INSTRUCTIONS TO AVOID SUCH ATTACKS
HAVE NOT EXPLICITLY BEEN RESCINDED. THE EDITORS APPARENTLY
ARE CAUTIOUS INSTEAD OF FROM SAUDI'S PUBLIC CRITICISM OF THE
ARABIC. HOWEVER, SEVERAL EDITORS INDICATED THAT THE CURRENT
CAMPAIGN WILL PROBABLY NOT BE SUSTAINED AT THE PRESENT
HIGH LEVEL OF NEGATIVE PRESS.

4. (C) US/YAR BILATERAL RELATIONS: ACCORDING TO EMBASSY
SANA, DURING A MEETING OF THE AMBASSADOR WITH PRESIDENT
SALIH ON SEPTEMBER 2, SALIH DISCUSSED VARIOUS ASPECTS OF
HIS ARMS PROGRAM WITH THE US AND ISSUED AN OFFICIAL INVITATION TO THE US SECRETARY OF DEFENSE OR DEPUTY SECRETARY TO ATTEND YAR NATIONAL DAY CELEBRATIONS ON SEPTEMBER 26. THE AMBASSADOR CONSIDERS IT HIGHLY DESIRABLE FOR THE NEW DEPUTY SECRETARY OF DEFENSE TO ATTEND TO "GIVE NEW IMPETUS TO OUR MILITARY ASSISTANCE EFFORT" AND AS A SYMBOL OF DIRECT US/YEMEN MILITARY COOPERATION.

1. CONCERNS OF SALIP'S EXPRESSED AT THE MEETING WERE AS FOLLOWS:

(A) SALIS ACKNOWLEDGED THE LEGITIMACY OF SAUDI INTEREST IN ITS ARMS SUPPLY BUT FELT THAT ONCE ARMS WERE PAID FOR BY SAUDI ARABIA, THEY SHOULD BE SHIPPED DIRECTLY TO THE YEM.

(S) SALIN WISHES TO DISPLAY ON SEPTEMBER 25 ALL THE F-105, THE TWO C-130S AND AS MUCH OTHER US EQUIPMENT AS POSSIBLE (EMBASSY GANA FEELS THAT IF FOR ANY REASON THE AIRCRAFT ARE NOT AVAILABLE SALIN MAY USE THEIR ABSENCE AS A JUSTIFICATION FOR A NEW SOVIET AGREEMENT.)

1. THE EGYPT-TOURCOO: THE "SOL. JAL EXPRESSIO" OF GUATI-
-EGYPTIAN MILITARY ASSISTANCE RECEIVED PROMINENT
-PAGE COVERAGE IN THE CHINESE PRESS ON SEPTEMBER 4
-ING OF AMERICAN WEAPONS, CHINA. THE FIRST SHIPMENTS

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OF EGYPTIAN MILITARY EQUIPMENT REPORTEDLY HAVE ALREADY
ARRIVED IN MOROCCO. THE EDITOR OF AL-NAHAR SPECULATED THAT
THE SUDDEN VISIT OF SAUDI PRINCE ABDULLAH TO MOROCCO IS
DESIGNED TO HEAD OFF EGYPTIAN-MOROCCAN RAPPROCHMENT,
DESCRIBING THE SAUDI PRINCE AS "LEADER OF THE CAMPAIGN
AGAINST EGYPT." THE EDITOR WONDERED HOW ABDULLAH WAS ABLE
TO APPLAUD QADHAFI'S REVOLUTION DAY REMARKS ATTACKING
EGYPT, WHEN ONLY A SHORT TIME AGO THE LIBYAN LEADER WAS
CALLING FOR THE OVERTHROW OF THE SAUDI MONARCHY.

22. (U) LEBANON-BOMBING: A BOMB DAMAGED THE WEST GERMAN
LUFTHANSA AIRLINE OFFICE IN BEIRUT ON SEPTEMBER 4; AN
UNKNOWN PALESTINIAN GROUP CLAIMED RESPONSIBILITY. THIS WAS
THE FOURTH WEST GERMAN INSTALLATION BOMBED IN BEIRUT
IN THE LAST THREE WEEKS. AN ANONYMOUS CALLER TOLD AL-NAHAR
THAT THERE WOULD BE MORE BOMBINGS UNLESS PALESTINIANS IN
WEST GERMAN JAILS WERE RELEASED WITHIN A WEEK.

21. (U) ANTI-AMERICAN DEMONSTRATION-SIDON: ACCORDING
TO REUTER, SOME TWENTY ARAB AND FOREIGN DIPLOMATIC ENVOYS
VISITING SIDON SEPTEMBER 4 WERE JOSTLED BY 2,000 DEMON-
STRATORS SHOOTING ANTI-AMERICAN SLOGANS AS THE DELEGATION
PASSED THROUGH THE CITY ON AN INSPECTION TOUR OF SOUTHERN
LEBANON ORGANIZED BY THE MINISTRIES OF FOREIGN AFFAIRS AND
INFORMATION, IN COOPERATION WITH THE UN INTERIM FORCE IN
LEBANON. AMBASSADOR DEAN WAS PRESENT AS THE CROWD, CHIEFLY
COMPOSED OF REFUGEES FROM SOUTHERN LEBANON, CALLED ON
AMERICA TO STOP ALL AID TO ISRAEL AND URGED THE DEPLOYMENT
OF LEBANESE TROOPS IN TYRE.

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 TAGS: AG, IS, PINN

SUBJECT: INTSUM 004-- SEPTEMBER 12, 1970

LEADON FOR GIASPIE
 PARIS FOR NICHOLAS MURPHY
 POL/ISA FOR PAMSON
 OTHER ADDRESSEES FOR CHIEFS OF MISSION

(PARAGRAPHS 1-12 SECRET)

1. PROSPECTS FOR A CRANG IN ISRAEL'S SETTLEMENT POLICY:
 CONCERN AMONG ISRAELIS OVER THE PERCEIVED PROSION IN
 IS-ARAB RELATIONS IN RECENT YEARS HAS LED TO INCREASING
 CRITICISM OF THE PRECIN GOVERNMENT'S HANDLING OF ISRAEL'S
 ARABIC RELATIONS GENERALLY. THE CRITICISM HAS CENTERED
 PARTICULAR UPON THE CABINET'S POLICY OF CONTINUING TO
 ESTABLISH NEW SETTLEMENTS IN THE DENSELY ARAB-POPULATED
 TERRITORIES OF THE WEST BANK.

2. CRITICS OF THIS POLICY HAVE CONTINUED THAT IT
 DAMAGES ISRAEL'S IMAGE IN THE MIDDLE EAST. THIS MESSAGE HAS BEEN
 REPEATED FROM THE MOUTH OF ISRAELI VISIONS OF VARYING
 POLITICAL PERSUASIONS AND HAS BEEN HAMPERED SOME BY

MEMBERS ASSOCIATED WITH THE LABOR PARTY, AS WELL AS
 BY THE INDEPENDENT HA'ARETZ.

3. WITHIN THE COALITION THERE EXISTS CONSIDERABLE
 OPPOSITION TO THE ESTABLISHMENT OF NEW SETTLEMENTS AT
 THIS TIME.

(A) YALIN AND HIS POLITICAL MOVEMENT ARE THE ONLY
 POLITICAL GROUPS.

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(B) DAYAN AND WEIZMAN REGARD THE CABINET'S SHARON-INSPIRED POLICY AS HIGHLY IMPRUDENT.

(C) MOST LIBERALS ARE ON A SIMILAR WAVE-LENGTH.

(D) THE ULTRA-ORTHODOX, NON-ZIONIST AGUDAT YISRAEL HAS ALSO INDICATED THAT IT IS UNHAPPY WITH THE CABINET'S POLICY.

4. OUTSIDE THE COALITION, THE LABOR PARTY HAS BEEN CRITICAL OF THE POLICY OF ESTABLISHING SETTLEMENTS IN THE ARAB PORTIONS OF THE WEST BANK. WHILE CONTINUING TO FAVOR SETTLEMENT IN THE JORDAN VALLEY, MANY LABORITES ARE INCREASINGLY INCLINED TO FAVOR A DE FACTO MORATORIUM ON THE ESTABLISHMENT OF ALL NEW SETTLEMENTS AT THIS TIME. FORMER PRIME MINISTER RABIN HAS PUBLICLY SUGGESTED THE WISDOM OF SUCH A STEP.

5. IN VIEW OF ALL OF THESE PRESSURES, WHY HAS THERE BEEN NO CHANGE IN THE SETTLEMENT POLICY OF THE BEGIN GOVERNMENT? THERE ARE THREE ANSWERS: SHARON, HAMMER, AND BEGIN.

6. SHARON HAS BEEN THE ENGINE FOR THE ESTABLISHMENT OF NEW SETTLEMENTS THROUGHOUT THE TENURE OF THIS GOVERNMENT. THE "SHARON BULLDOZER" HAS TAKEN ADVANTAGE OF HIS POSITION AS CHAIRMAN OF THE MINISTERIAL COMMITTEE ON SETTLEMENTS, OF BEGIN'S ADMIRATION FOR HIM, AND OF HIS TIES WITH THE GUSH EMUNIM SETTLEMENT MILITANTS TO PRESENT THE CABINET WITH FAITS ACCOMPLI.

7. SHARON'S ACHIEVEMENTS ARE LARGELY DUE TO THE SUPPORT THAT HE HAS RECEIVED FROM HAMMER. SO FAR AS WE KNOW, HAMMER HAS NOT INITIATED PROPOSALS FOR NEW SETTLEMENTS, BUT HE HAS BACKED SHARON FULLY ON VIRTUALLY EVERY OCCASION. SHARON, DESPITE HIS POWERFUL PERSONALITY AND HIS IRON DETERMINATION, HAS LITTLE INDEPENDENT POLITICAL

POWER. HAMMER, BY CONTRAST, WIELDS GREAT POWER. AS THE DE FACTO LEADER OF THE NATIONAL RELIGIOUS PARTY (NRP), HE COULD BRING THE GOVERNMENT DOWN ON THE WEST BANK ISSUE IF HE CHOOSES TO DO SO.

8. HAMMER REMAINS FIRMLY COMMITTED TO THE PRINCIPLE OF JEWISH SETTLEMENT THROUGHOUT "JUDAEA AND SAMARIA," BUT HE HAS BECOME MORE SOPHISTICATED SINCE BECOMING MINISTER OF EDUCATION. HE HAS INDICATED THAT HE WOULD PREFER A POLICY OF EXPANDING EXISTING SETTLEMENTS RATHER THAN ESTABLISHING NEW ONES.

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9. NEVERTHELESS, HAMMER FINDS IT IMPOSSIBLE TO DO ANY-
THING OTHER THAN BACK SHARON WHEN THE LATTER MAKES
PROPOSALS THAT THE FORMER PRIVATELY VIEWS AS UNWISE.
HAMMER IS THE PRISONER OF HIS OWN LONG-STANDING IDEOLOGICAL
COMMITMENT. IN ADDITION, HE IS SENSITIVE TO PRESSURE FROM
MORE EXTREME ELEMENTS FROM WITHIN HIS PARTY, AND FROM
GUSH ENUNIM, WHICH HE PLAYED A MAJOR ROLE IN FOUNDING.
FURTHERMORE, HE WILL GO TO GREAT LENGTHS TO PREVENT THE
DEFECTION OF ULTRA-HAWKS TO THE NEW RIGHT-WING PARTY
RECENTLY ESTABLISHED BY PROFESSOR YUVAL NEEMAN.

10. HAMMER'S RELATIONSHIP WITH BEGIN HAS ALTERED IN THE
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TWO YEARS SINCE THE ESTABLISHMENT OF THE LIKUD-MRP COALITION. BEGIN HAS TRAVELLED MUCH FARTHER DOWN THE ROAD OF PRAGMATISM THAN HAMMER. HAMMER'S COLLEAGUES IN THE YOUTH FACTION OF THE MRP NO LONGER TRUST BEGIN. HAMMER HAS BEEN AFFECTED BY THESE DEVELOPMENTS, AND IS LESS INCLINED TO FOLLOW BEGIN'S LEAD THAN PREVIOUSLY.

11. BEGIN COMBINES AN INTENSE ATTACHMENT TO HIS IDEOLOGICAL PRINCIPLES WITH OCCASIONAL PRAGMATISM. SETTLEMENT CONSTITUTES A KEY IDEOLOGICAL REDOUT FOR BEGIN. HE IS EXTREMELY SENSITIVE TO ACCUSATIONS OF IDEOLOGICAL EROSION FROM HIS OLD COLLEAGUES. WEAKENED POLITICALLY BY A SHARP EROSION IN HIS POPULARITY, BY HAMPAGING INFLATION, BY INTENSIFIED INTRA-CABINET AND INTRA-COALITION HICKERING, HE HAS LITTLE STOMACH FOR TESTING THE LIMITS OF HIS POWER IN THE FACE OF A REDUCED PARLIAMENTARY BASE.

12. WHILE BEGIN MIGHT BE ABLE TO RALLY CABINET SUPPORT FOR A DE FACTO MORATORIUM ON NEW SETTLEMENTS, SUCH A STEP WOULD ENTAIL POLITICAL JEOPARDY. THE COALITION COULD SURVIVE A RESIGNATION BY SEARON, BUT IT WOULD PROBABLY NOT BE ABLE TO SURVIVE HAMMER'S WITHDRAWAL. EVEN IF HAMMER RESIGNED FROM THE CABINET WITHOUT PULLING THE MRP OUT OF THE COALITION, HIS MOVE WOULD STILL PROBABLY PROVE FATAL TO THE COALITION BEFORE TOO LONG.

13. (C) ISRAEL-KNESSET DEBATE ON SETTLEMENTS: EMBASSY TEL AVIV REPORTS THAT DEPUTY PRIME MINISTER YADIN, BY THREATENING TO RESIGN, HAS EXTRACTED FROM BEGIN RESTORATION OF HIS PARTY'S SPECIAL RIGHT OF APPEAL ON SETTLEMENTS TO THE KNESSET FOREIGN AFFAIRS AND DEFENSE COMMITTEE, WHICH HE INTENDS TO EXERCISE AS SOON AS POSSIBLE. WHILE BEGIN BELIEVES HE CAN MUSTER SUPPORT IN THE COMMITTEE, THE VOTE WILL CERTAINLY BE A CLOSE ONE. (BEGIN MAY ENJOY NO MORE THAN A ONE VOTE MAJORITY IF ALL TWENTY-FIVE MEMBERS ON THE COMMITTEE VOTE.) HOWEVER, EVEN IN THE EVENT THE KNESSET COMMITTEE SUPPORTS YADIN AND VOTES

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AGAINST THE TWO SETTLEMENTS IN QUESTION, IT IS NOT LIKELY TO PRESAGE ANY GENERAL MORATORIUM ON SETTLEMENTS SINCE IT WOULD BE BASED LARGELY ON FLAGRANT IRREGULARITIES IN THE MINISTERIAL DEFENSE AND JOINT SETTLEMENTS COMMITTEES' PROCEDURES.

14. (U) DAYAN-BONN VISIT: ACCORDING TO REUTER, ISRAELI FOREIGN MINISTER MOSHE DAYAN FINISHED HIS ROUND OF TALKS WITH WEST GERMAN CHANCELLOR HELMUT SCHMIDT AFTER ASSURANCES THAT BONN HAD NOT CHANGED ITS STANCE ON THE MIDDLE EAST. THE CHANCELLOR'S PHRASING IS REPORTEDLY VIEWED AS AN ATTEMPT TO COUNTER CRITICISM FROM ISRAEL ABOUT RECENT GERMAN CONTACTS WITH THE PLO. IN A DINNER SPEECH ON SEPTEMBER 18, DAYAN CRITICIZED THE FACT THAT BONN SPEAKS OF THE PALESTINIAN RIGHT TO SELF-DETERMINATION, ALTHOUGH THIS CONCEPT WAS NOT MENTIONED, ACCORDING TO DAYAN, IN ANY EEC STATEMENT OR IN THE CAMP DAVID ACCORDS. DAYAN NOTED AFTER HIS FIRST SERIES OF TALKS THAT TRUST HAD BEEN RESTORED BETWEEN THE TWO SIDES BUT INFORMED SOURCES SAID THAT DESPITE SUCH DECLARATIONS, A NUMBER OF DIFFICULTIES REMAINED, MOST NOTABLY THE WEST GERMAN INSISTENCE ON THE PALESTINIANS' RIGHT FOR SELF-DETERMINATION, CRITICISM OF ISRAEL'S SETTLEMENTS IN THE OCCUPIED TERRITORIES AND ITS ROLE IN LEBANON. ACCORDING TO REUTER, AT A PRESS CONFERENCE CONCLUDING HIS VISIT TO BONN, DAYAN STATED CLEARLY THAT THE FOUNDING OF A PALESTINIAN STATE WITHIN THE FRAMEWORK OF A MIDDLE EAST SETTLEMENT IS OUT OF THE QUESTION FOR ISRAEL.

15. (U) SAUDI ARABIA-IRAQ CHANGING OIL POSITIONS: ACCORDING TO A MIDDLE EAST ECONOMIC SURVEY (MEES) ARTICLE, IRAQ HAS INFORMED MANY OF ITS OIL CUSTOMERS THAT THEIR CONTRACTS WILL BE TERMINATED AT THE END OF THIS YEAR WHEN DIFFERENT CONDITIONS WILL BE INTRODUCED, NAMELY: A POSITIVE COMMITMENT TO "COMPLY" WITH IRAQI LAWS, INCLUDING THE BOYCOTT REGULATIONS AND AN UNDERTAKING NOT TO SEND OIL TO OR THROUGH ISRAEL, EGYPT, SOUTH AFRICA OR RHODESIA. MEES SAID THE COMPANIES MOST AFFECTED WOULD LIKELY BE US ONES, WHICH WOULD BE UNABLE TO SIGN CONTRACTS INCLUDING ANY BOYCOTT OF ISRAEL CLAUSES. MEES REPORTED THAT COMPANIES THAT HAD RECEIVED TERMINATION NOTICES WERE BELIEVED TO INCLUDE SHELL, BRITISH PETROLEUM, GULF OIL, EXXON, AND POSSIBLY, AMOCO. IF NO COMPROMISE IS FOUND AND IF ALL AMERICAN LIFTINGS OF IRAQI CRUDE WERE ELIMINATED BY THE END OF THE YEAR, 300,000 TO 400,000 BARRELS PER DAY WOULD BE FREED FOR DELIVERY ELSEWHERE.

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IN AN INTERVIEW WITH A DANISH RADIO STATION SHAYKH AHMAD
JAL YAMANI REPORTEDLY HINTED AT THE POSSIBILITY OF A
SLIGHT INCREASE IN OIL PRICES. HE ALSO SAID THAT HE
WELCOMED THE IDEA OF IMPOSING SUPERVISION ON OIL COMPANIES
WHICH MAKE UNLAWFUL PROFITS AND EXPRESSED THE HOPE THAT
THE DECISIONS ADOPTED BY THE TOKYO INDUSTRIAL SUMMIT
MEETINGS WOULD BE IMPLEMENTED.

16. (U) ALI HAMDY AL-GAMMAL DIES: ALI HAMDY
AL-GAMMAL, CHAIRMAN OF THE BOARD AND EDITOR IN CHIEF OF
AL AHRAM, CAIRO'S BEST KNOWN NEWSPAPER, DIED SEPTEMBER 10
AT HIS HOTEL IN WASHINGTON. AL-GAMMAL WAS HERE TO COVER
EGYPTIAN VICE PRESIDENT HOSNI MUBARAK'S VISIT TO THE US.

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S E C R E T FINAL SECTION OF 03 STATE 239042/23

17. (LOU) ARAB LEAGUE MEETING POSTPONED TO SEPTEMBER 16: THE IMPASSY IN TUNIS REPORTS THAT THE ARAB LEAGUE FOREIGN MINISTERS' MEETING IN TUNIS HAS BEEN POSTPONED UNTIL SEPTEMBER 18 AT THE REQUEST OF SAUDI ARABIA. ACCORDING TO A RELATED REPORT FROM BEUTER, RENE MOAWAD, ENVOY OF LEBANESE PRESIDENT ELIAS SARKIS, HAS BEEN TOURING ARAB CAPITALS TO CANVASS SUPPORT FOR AN ARAB SUMMIT TO DEAL WITH THE DETERIORATING SITUATION IN SOUTH LEBANON. THE TUNIS MEETING, REPORTEDLY, ALSO WILL STUDY A REPORT BY THE LEAGUE SECRETARY-GENERAL ON POSSIBLE AMENDMENTS TO THE LEAGUE'S CHARTER.

18. (LOU) LEBANON/ARMENIANS-RIGHTIST CLASH: ON SEPTEMBER 10 RIGHTIST MILITIA PATROLS REPORTEDLY CLASHED WITH ARMENIAN GUNMEN IN CHRISTIAN EAST BEIRUT. ONE TO THREE PERSONS WERE REPORTED KILLED AND FIVE TO TEN WERE WOUNDED.

19. (U) PATAH-WEST GERMANY: AFTER A WAVE OF BOMBINGS IN BEIRUT AGAINST PRO INSTALLATIONS BY AN UNKNOWN PALESTINIAN GUERRILLA GROUP, PATAH HAS MOUNTED A 24-HOUR GUARD ON THE PRO EMBASSY. IT HAS ALSO WARNED THAT IT WOULD PUNISH ANYBODY WHO ATTACKED PRO INSTITUTIONS IN BEIRUT.

20. (LOU) RETURN OF PROMINENT WEST BANKER DEBEDI: THE ACTING PRESIDENT OF BIR ZEIT UNIVERSITY ON THE WEST BANK HAS TOLD CONSULATE GENERAL JERUSALEM THAT THE UNIVERSITY WAS EXERTING STRONG EFFORTS WITH DEFENSE MINISTER WEIZMAN TO PERMIT EXILED BIR ZEIT PRESIDENT HANNA NASIR TO RETURN AND RESUME HIS FUNCTIONS. ACCORDING TO BARAK-I, NASIR WILL LEAVE FOR POLITICAL EXILE IN 1980.

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TO INTSUM COLLECTIVE PRIORITY

INFO RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2815

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S E C R E T SECTION 01 OF 03 STATE 245442/01

E.O. 12065 2DS 9/18/85 (MONTVILLE, JOSEPH V.)

TAGS: EO, IS, PINR

SUBJECT: ITUM 800 - SEPTEMBER 18, 1979

LONDON FOR GLASPIA

PARIS FOR NICHOLAS MURPHY

LOD/ISA FOR RA SOM

OTHER ADDRESSEES FOR CHIEFS OF MISSION

(PARAGRAPHS 1-5 LIMITED OFFICIAL USE)

1. INITIAL REACTIONS TO PRIVATE ISRAELI LAND PURCHASES IN THE OCCUPIED TERRITORIES: THE ISRAELI CABINET DECISION TO PERMIT ISRAELI CITIZENS AND ASSOCIATIONS TO PURCHASE LAND IN THE WEST BANK AND GAZA STRIP CAME AS A GENERAL SURPRISE. JERUSALEM RADIO SAID THAT THE PROPOSAL, SUBMITTED TO THE CABINET BY PRIME MINISTER BEGIN, WAS BASED ON A DRAFT BY DEFENSE MINISTER WEIZMAN, LATER AMENDED BY THE GOVERNMENT'S LEGAL ADVISOR. THE RADIO CORRESPONDENT SAID THAT RESPONSIBILITY FOR IMPLEMENTING THE DECISION WILL COME UNDER THE ALREADY EXISTING MINISTERIAL COMMITTEE ON SECURITY AFFAIRS.

2. CABINET SECRETARY ARIE NAOR EXPLAINED THE DECISION IN TERMS OF ENDING "DISCRIMINATION" AGAINST JEWS. HE ADDED CLAIMS THAT THE DECISION HAD BEEN ADOPTED FOLLOWING PRESSURE BY GUSH EMUNIM, WHICH HAD RAISED THE ISSUE IN SEVERAL RECENT MEETINGS THAT IT HELD WITH THE PRIME MINISTER. NAOR NOTED THAT THE LIKUD HAD CAMPAIGNED ON THE ISSUE TWO YEARS AGO AND THAT ITS PROMISE WAS NOW BEING FULFILLED. HE INDICATED, HOWEVER, THAT JEWS WHO PURCHASE LAND CANNOT LIVE ON IT WITHOUT THE SPECIAL PERMISSION OF THE MILITARY GOVERNMENT.

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GOVERNMENT SOURCES TOLD REUTERS THAT HE EXPECTED THAT

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THE FIRST DEALS UNDER THE NEW RULING WOULD INVOLVE THE SALE OF PROPERTY NEAR EXISTING SETTLEMENTS.

4. ARAB WORLD REACTIONS: REACTIONS TO THE DECISION IN THE ARAB WORLD WERE SWIFT AND BITTER.

(A) THE MAYORS OF THE PREDOMINANTLY CHRISTIAN TOWNS OF BETHLEHEM, BAYT JALA, AND BAYT SAHUR DENOUNCED THE DECISION. BETHLEHEM MAYOR FREIJ TOLD NEWSMEN THAT IT ENTAILED GRAVE CONSEQUENCES, "FOR IT MEANS THE ISRAELI GOVERNMENT WILL FORCE AHEAD IN IMPLEMENTING ITS POLICY ON LOCAL ADMINISTRATION BEFORE THE COMPLETION OF THE NEGOTIATIONS...."

(B) THE MUNICIPAL COUNCIL OF GAZA CITY MET IN SPECIAL SESSION SEPTEMBER 17 AND AFTERWARD REPORTED THAT IT HAD SENT LETTERS OF PROTEST TO THE THREE SIGNATORIES OF THE CAMP DAVID AGREEMENTS. IT CALLED THE DECISION A BLOW AT ANY ATTEMPTS TO REACH A MIDDLE EAST PEACE AND SAID THAT THE STEP WAS TAKEN IN ORDER TO ALLOW GUSH EHONIM TO CONTINUE ITS WEST BANK SETTLEMENT ACTIVITIES.

(C) AMMAN RADIO QUOTED A JORDANIAN NEWSPAPER AS SAYING THAT THE DECISION WAS MADE ON THE BASIS OF BEGIN'S PLAN, WHICH IS CONDONED BY THE CAMP DAVID ACCORDS. IT SAID THAT "THE DENIALS WHICH ARE MADE BY CAIRO AND WASHINGTON ARE MERELY MEANT TO THROW SAND IN THE ARABS' EYES. AL-DUSTUR NOTED THAT THE DECISION COINCIDES WITH THE FIRST ANNIVERSARY OF THE CAMP DAVID ACCORDS AND QUOTED PRESIDENT CARRIER'S STATEMENT CALLING ON OTHER ARAB LEADERS TO JOIN THE PEACE PROCESS.

(D) AN EGYPTIAN FOREIGN MINISTRY SPOKESMAN, ACCORDING TO MENA, CHARACTERIZED THE DECISION AS CONTRADICTING THE CAMP DAVID ACCORDS AND AS AN ATTEMPT TO INFLUENCE THE OUTCOME OF THE AUTONOMY NEGOTIATIONS. HE SAID: "THIS DECISION ADDS A FURTHER AND SERIOUS OBSTACLE...ALONG THE ROAD OF ACHIEVING A COMPREHENSIVE AND JUST SETTLEMENT (AND) CASTS DOUBT ON ISRAEL'S COMMITMENT AT CAMP DAVID TO RECOGNIZE PALESTINIAN RIGHTS."

5. ISRAELI REACTIONS: REACTIONS TO THE DECISION IN ISRAEL WERE MIXED BUT GENERALLY POSITIVE:

THE JERUSALEM POST CITED SEVERAL LAWYERS AS ARGUING THAT THE DECISION WAS IN ACCORD WITH ALL INTERNATIONAL LAW. OTHER LAWYERS POINTED OUT THAT IF THE LAND WAS CHANGED THE STATUS OF OCCUPIED TERRITORY, IT WOULD CONTRAVENE ARTICLE 49 OF THE GENEVA

CONVENTION.

(B) KATZOFF SAID THAT THE DECISION SHOULD NOT BE VIEWED AS A POLITICAL MOVE BUT AS RIGHTING A JORDANIAN LAW STILL IN FORCE. IT REGRETTED THAT THE DECISION WAS SO LONG IN COMING.

(C) YEDIOT AHARONOT COMMENTED EDITORIALY: "WE HAVE A SPECIAL TALENT TO DO THINGS WHEN THE TIMING IS MOST INCONVENIENT." THE PAPER MAINTAINED THAT THE DECISION IS BETTER LATE THAN NEVER SINCE IT WOULD HAVE BEEN AN "UNBEARABLE DISGRACE" TO PROHIBIT JEWS FROM BUYING LAND IN "ERETZ YISRAEL."

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6. (U) ISRAELI PRESS ON GOVERNMENT DISINTEGRATION: IN AN HA'ARETZ EDITORIAL UZI BENZIMAN DESCRIBES BEGIN AS BEING IN A "BLACK MOOD...APPARENTLY CUTTING HIMSELF OFF FROM HIS SURROUNDINGS AND REACTING SLOWLY TO WHAT GOES ON AROUND HIM." HE GOES ON TO SAY THAT PROMPTED BY HIS STATE OF HEALTH OR OF MIND, BEGIN "IS OZZING TERRIBLE WEAKNESS, TO THE POINT THAT EVEN PRESIDENT SADAT HAS SENSED THE PREMIER'S SPECIAL CONDITION." SPEAKING OF "THE STENCH OF THE GOVERNMENT'S DEATH RATTLE," BENZIMAN EXPLAINS THAT "MOST CABINET MINISTERS HAVE BEEN ACTING AS IF THEY WERE ON THE BRINK OF DISASTER, THUS PROVING THAT THE INNER DESTRUCTIVE FORCES ARE FAR STRONGER THAN THE COHESIVE ELEMENTS WHICH UNITE THEM IN THEIR BASIC INTEREST TO STAY IN POWER." A YEDIOF COMMENTATOR NOTED, "THIS IS NO LONGER A CABINET WHICH HAS JUST CEASED TO FUNCTION; IT IS A BAND OF MINISTERS LED BY THEIR UNBRIDLED URGES INTO A SUICIDAL ABYSS."

ANOTHER YEDIOF CORRESPONDENT DECLARES THAT "THE PRESENT GOVERNMENT HAS SUNK LOWER IN ITS CONDUCT THAN ANY PREVIOUS GOVERNMENT...IT HAS LOST ALL SENSE OF SHAME... AND HAS BECOME THE SCENE OF GROSS VULGARITY AND OF A TOTAL LACK OF ESPRIT DE CORPS...."

7. (U) KOSYGIN ATTACKS ACCORDS: ACCORDING TO REUTERS, SOVIET PREMIER KOSYGIN ON A ONE DAY VISIT TO THE PDRY ATTACKED THE EGYPTIAN-ISRAELI ACCORDS AS AN OBSTACLE IN THE WAY OF A COMPREHENSIVE MIDDLE EAST SETTLEMENT.

8. (U) STRAUSS VISIT: THE ISRAELI PRESS IS INTERPRETING REMARKS MADE BY AMBASSADOR STRAUSS AT A SEPTEMBER 12 PRESS CONFERENCE AS AN INDICATION THAT THE US WILL NOT PRESS FOR IMMEDIATE TALKS ON PALESTINIAN AUTONOMY. THE AMBASSADOR WAS QUOTED AS STATING THAT THE US WAS NOT SEEKING TO IMPOSE ANY SOLUTIONS TO THE VARIOUS PROBLEMS CONFRONTING EGYPTIAN-ISRAELI NEGOTIATIONS.

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10. (U) REPORT ON BEGIN'S FAILING HEALTH DENIED: BEGIN'S ADVISOR ON MEDIA AFFAIRS IN AN INTERVIEW WITH RADIO JERUSALEM, DENIED A REPORT IN TIME MAGAZINE THAT BEGIN WAS ADVISED BY THREE NON-ISRAELI DOCTORS NOT TO WORK MORE THAN THREE HOURS A DAY. BEGIN'S ADVISOR SAID THAT THE PRIME MINISTER WORKS FROM 9:00 A.M. TO NOON AND FROM 4:00 P.M. UNTIL EVENING EVERYDAY AND THAT THIS HAS BEEN HIS ROUTINE SINCE HE RETURNED TO A FULL WORK SCHEDULE.

11. (U) MORE ON THE LITANI AFFAIR: ACCORDING TO REUTERS, A LEADING MEMBER OF THE ISRAELI KNESSET SAID SEPTEMBER 17 THAT THE TORTURE AND MURDER OF FOUR LEBANESE CIVILIANS BY AN ISRAELI OFFICER WAS NOT THE ONLY SUCH INCIDENT BUT DECLINED TO GIVE DETAILS. GENERAL KATAN, WHO HAS BEEN ATTACKED IN THE KNESSET AND THE PRESS FOR REDUCING THE SOLDIER'S SENTENCE TO TWO YEARS, SAID IN AN INTERVIEW WITH HA'ARETZ SEPTEMBER 17 THAT HE DID NOT INTEND TO RESIGN AND THAT THE ACCUSED LIEUTENANT STOOD ALONE AND CHARGED IN AN EXTREME SITUATION TANTAMOUNT TO A THREAT TO HIS LIFE. HA'ARETZ SEPTEMBER 17 EXPRESSED "NO DOUBT ABOUT THE AUTHENTICITY OF THE STORY" AND SAID THAT THE ISRAELI PEOPLE DESERVE A CHIEF OF STAFF WHO WILL NOT SHOW TOO MUCH INDULGENCE TOWARD A CONVICTED CRIMINAL AND WHO WILL NOT TRY TO DEFEND HIMSELF BY BLURRING THE TRUTH. HA'ARETZ SAID THAT KATAN OWED THE ISRAELIS A FULL AND CANDID REPORT.

12. (U) ASSAD LYING LOW: ACCORDING TO EMBASSY SOURCES, ASSAD HAS BEEN UNCHARACTERISTICALLY OUT OF SIGHT, WITH ONLY ONE PUBLIC APPEARANCE SINCE HIS RETURN FROM THE NAM SUMMIT SEPTEMBER 9. THE EMBASSY BELIEVES THAT ASSAD MAY STILL BE IN LATAKIA WHERE HE WENT SEPTEMBER 12 FOLLOWING THE DISTURBANCES. ADDITIONALLY, THE LACK OF LOCAL PRESS REPORTING ON ACTIVITIES OF OTHER SYRIAN POLITICAL LEADERS HAS INCREASED SPECULATION THAT ASSAD HAS CLOBBED HIMSELF IN ORDER TO DRAW UP A LIST OF MEMBERS FOR A NEW CABINET.

13. (C) LATAKIA-DAMAGE EXAGGERATED BUT CITY TENSE: EMBASSY DAMASCUS REPORTS THAT LATAKIA PRESENTED FEW OUTWARD SIGNS OF DAMAGE FOLLOWING THE EXTENSIVE RIOTS WHICH OCCURRED THERE RECENTLY BUT THAT THE CITIZENRY IS DEEPLY RESENTFUL OF MUNICIPAL AND SECURITY AUTHORITIES FOR FAILING TO ANTICIPATE AND THEN QUASH THE VIOLENCE BEFORE IT GOT OUT OF HAND.

14. (U) IRAQ CALLS FOR OPEC SUMMIT IN BAGHDAD: ACCORDING

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TO RADIO BAGHDAD, IRAQ SEPTEMBER 17 CALLED FOR A SUMMIT CONFERENCE OF OPEC HEADS OF STATE TO BE HELD IN BAGHDAD DURING THE SECOND HALF OF 1980 (THE TWENTIETH ANNIVERSARY OF OPEC'S ESTABLISHMENT). THE SOURCE EMPHASIZED THAT THE MEETING WOULD DISCUSS VARIOUS INTERNATIONAL DEVELOPMENTS, THE ENERGY ISSUE, AND THE WORLD ECONOMIC SYSTEM IN THE HOP OF REACHING A STABLE STRATEGY FOR THE FUTURE AND TO SERVE OPEC'S INTERESTS AND THOSE OF DEVELOPING COUNTRIES.

14. (C) EGYPT: OIL SECTOR HIGHLIGHTS: EMBASSY CAIRO, UPDATING ITS ESTIMATES FOR 1979 EGYPTIAN OIL PRODUCTION, NOW EXPECTS EGYPT'S NEXT REVENUES TO EXCEED ONE BILLION ET
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DOLLARS ON EXPORT SALES AVERAGING 150,000 BARRELS PER DAY (BPD) OUT OF A PRODUCTION TOTAL OF 530,000 BPD. CURRENT SALES OF GULF CRUDE ARE BRISK AND THE MARKET IS BRINGING TOP PRICES OF DOLS 32.50 PER BARREL. CONSUMER DEMAND IS COMPLICATING THE EGYPTIAN PETROLEUM COMPANY'S INTENTION TO BRING PRICES CHARGED ITS CONTRACT CUSTOMERS INTO LINE WITH THOSE QUOTED ITS SHARING PARTNERS, LIKE AMOCO, WHO ARE REFUSING TO PAY MORE THAN DOLS 22.00 PER BARREL. NEGOTIATIONS WITH THE ISRAELIS, REGARDING THE TRANSFER OF THE ALMA FIELD, ARE PROGRESSING SATISFACTORILY ACCORDING TO THE CHIEF NEGOTIATOR AT AL TOR. THE FIELD WILL BE TURNED OVER EITHER ON NOVEMBER 25 OR 26. ISRAEL IS INSISTING O' NOT PAYING MORE THAN DOLS 25.00 PER BARREL FOR THE CARGOES THAT SADAT PROMISED WOULD BE MADE AVAILABLE FOR ISRAEL IN DECEMBER. SOME BROKERS ARE ALREADY ARRANGING THE SHIPMENTS.

15. (LOU) EGYPTIAN COMMUNISTS ORDERED RELEASED: COMMENTING ON THE PRESUMABLY WEAK CASE PRESENTED BY THE GOVERNMENT PROSECUTION. EMBASSY CAIRO, CITING THE LOCAL PRESS, REPORTS THAT THE SUPREME STATE SECURITY COURT HAS ORDERED THE IMMEDIATE RELEASE OF 53 ALLEGED MEMBERS OF THE OUTLAWED EGYPTIAN COMMUNIST PARTY WHO WERE ROUNDED UP IN AUGUST AND CHARGED WITH HAVING CONTACTS WITH HOSTILE FOREIGN ELEMENTS AS WELL AS MEMBERSHIP IN A SUBVERSIVE ORGANIZATION. INCLUDED IN THIS TOTAL ARE 38 WHO HAVE PREVIOUSLY BEEN FREED ON BAIL. PRESIDENT SADAT APPARENTLY HAS THE RIGHT TO APPEAL THE COURT'S DECISION WITHIN 15 DAYS DURING WHICH THE DEFENDENTS WILL REMAIN IN CUSTODY.

16. (U) LEADER OF MUSLIM BROTHERHOOD KILLED: ACCORDING TO REUTERS, ABDUL SATTAR AL-ZAIM, A LEADING MEMBER OF THE OUTLAWED MUSLIM BROTHERHOOD IN SYRIA, WAS KILLED IN A CLASH WITH A MILITARY POLICE PATROL. ZAIM HAD BEEN WANTED BY POLICE ON CHARGES OF CARRYING OUT SEVERAL

^ASSASSINATIONS THREE AS WELL AS HAVING BEEN INVOLVED IN THE MASSACRE OF FIFTY ARMY CADETS IN ALEPPO IN JUNE.

17. (U) LEADERS OF SCLC TO MEET WITH ARAFAT: ACCORDING TO REUTER, A GROUP OF BLACK LEADERS FROM THE SOUTHERN CHRISTIAN LEADERSHIP CONFERENCE LEFT FOR BEIRUT SEPTEMBER 17 TO MEET WITH ARAFAT. THE GROUP INCLUDES: PRESIDENT OF THE SCLC, THE REV. JOSEPH LOWERY, WALTER FAUNTROY, DR. CLAUDE YOUNG OF DETROIT, AND DR. RON WATERS, A FACULTY MEMBER AT HOWARD UNIVERSITY. DR. LOWERY SAID THE TRIP WAS PREDICATED ON ARAFAT'S INTEREST IN PURSUING THE PROPOSALS THE SCLC MADE IN ITS AUGUST MEETING WITH YEPZI, PLO OBSERVER AT THE UN, WHICH INCLUDE PLO RECOGNITION OF "THE NATIONHOOD OF ISRAEL, ISRAEL'S RECOGNITION OF PALESTINIAN RIGHTS, AND AGREEMENT BY BOTH GROUPS TO A MORATORIUM ON VIOLENCE." VANCE

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S E C R E T SECTION 01 OF 02 STATE 246664/01

E.O. 12065: GDS 9/19/85 (MONTVILLE, JOSEPH V.)

TAGS: EG, IS, PINR

SUBJECT: INTSUM 899 - SEPTEMBER 19, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

WARNING NOTICE SENSITIVE SOURCES AND METHODS INVOLVED
NOT RELEASABLE TO FOREIGN NATIONALS

(PARAGRAPHS 1-9 SECRET/NOFORN)

1. IMPLICATIONS OF ISRAELI PURCHASES OF WEST BANK-GAZA LAND: LEGAL IMPLICATIONS ASIDE, THE DECISION TO PERMIT ISRAELIS AND ISRAELI ASSOCIATIONS TO PURCHASE LAND ON THE WEST BANK AND GAZA IS LIKELY TO HAVE A PROFOUND PSYCHOLOGICAL IMPACT ON THE PALESTINIAN ARABS IN THE WEST BANK AND GAZA AND FURTHER TO UNDERCUT THOSE ARGUING FOR ARAB MODERATION. THE MOST EXPLOSIVE ISSUES FOR PALESTINIANS ARE THOSE OF LAND AND WATER. THE RESOLUTION OF THESE

ISSUES IN THE AUTONOMY NEGOTIATIONS IS THE FACTOR MOST LIKELY TO DETERMINE THE DEGREE TO WHICH PALESTINIANS IN THE OCCUPIED TERRITORIES WILL BE ENCOURAGED TO SEEK HASHEMITE OR PLO ACQUIESCENCE FOR THEIR PARTICIPATION IN THE SELF-GOVERNING AUTHORITY.

2. THE PRACTICAL EFFECTS OF THE DECISION ARE FAR FROM CLEAR AND WILL BECOME APPARENT ONLY IN THE COMING MONTHS. A RESPECTED ISRAELI JOURNALIST, WHO IS AN EXPERT ON SETTLEMENTS, HAS TOLD EMBASSY TEL AVIV THAT HE EXPECTED THE DECISION TO HAVE FEW PRACTICAL CONSEQUENCES. HE ARGUED THAT MUCH OF THE LAND WHICH CAN BE BOUGHT ALREADY HAS BEEN PURCHASED CLANDESTINELY. MOREOVER, HE FELT THAT JORDANIAN LAW REQUIRING THE DEATH PENALTY IN SUCH CASES AND THE POSSIBILITY OF PLO RETRIBUTION WOULD MAKE IT EXTREMELY UNLIKELY THAT PALESTINIANS WOULD ALLOW ANY SUCH DEALS TO OCCUR.

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3. ANOTHER ISRAELI COLUMNIST HAS ARGUED THAT SOME ARAB RESIDENTS ARE QUITE WILLING TO SELL LAND TO INDIVIDUAL ISRAELIS, BUT THAT THEY WOULD NOT WANT TO SELL TO AN INSTITUTION DEALING WITH SETTLEMENT MATTERS BECAUSE THAT WOULD CONSTITUTE A "POLITICAL" ACT. HE ALSO NOTED THAT IF LAND REGISTRATIONS WERE CARRIED OUT IN ACCORDANCE WITH JORDANIAN LAW IT WOULD PRODUCE NEAR INSUPERABLE HURDLES. HE CONCLUDES THAT THE DECISION WILL BE TESTED ACCORDING TO HOW REGISTRATION PROCEDURES ARE HANDLED IN PRACTICE.

4. HOWEVER, THESE PREDICTIONS ARE PRELIMINARY AND MAY BE TOO SANGUINE. SETTLEMENT ADVOCATES, SUCH AS SHARON AND THE GUSH EMUNIM, WILL BE WORKING TO HAVE THE NEW DECISION IMPLEMENTED IN A WAY THAT FACILITATES THEIR SETTLEMENT ACTIVITIES. (ISRAELI GOVERNMENTS HAVE FOUND WAYS TO OBTAIN THE LAND THEY WANT FOR NEW SETTLEMENTS DESPITE COURT CHALLENGES AND OTHER OBSTACLES.)

5. THE LAW COULD BE PARTICULARLY SIGNIFICANT IN THE AREAS AROUND "GREATER JERUSALEM." EVEN BEFORE THE NEW DECISION MOST OF THE ILLEGAL PURCHASES THAT HAVE TAKEN PLACE ARE BELIEVED TO HAVE OCCURRED HERE, OFTEN BY HIGH GOVERNMENT OFFICIALS AND LARGE CONTRACTORS INTENT ON SPECULATION. LAND PRICES IN THE AREA ARE RAPIDLY RISING. A FURTHER INCENTIVE TO PRIVATE PURCHASES IN THIS AREA IS THE SIGNIFICANT NUMBER OF EXPATRIATE ARABS FROM JERUSALEM AND ENVIRONS WHO HAVE EMIGRATED TO THE WEST BUT STILL OWN LAND. MANY ARE CONCERNED THAT THEIR CLAIMS WILL NOT

BE RECOGNIZED AND MIGHT BE AMENABLE TO SELLING THEIR LANDS. MEANWHILE, THE JEWISH NATIONAL FUND IS REQUIRED BY ITS CHARTER TO BUY LAND IN "ERETZ YISRAEL" WHENEVER THE OPPORTUNITY PRESENTS ITSELF.

6. ARABS IN OTHER AREAS WHO MAY NOT BE INCLINED TO SELL NEVERTHELESS CAN SOMETIMES BE INDUCED TO DO SO IF THEY FEEL THAT EVENTUAL EXPROPRIATION IS INEVITABLE. INTIMIDATING SUGGESTIONS OF EXPROPRIATION HAVE OCCURRED. SETTLEMENT ENTHUSIASTS, WORKING WITH FRIENDLY GOVERNMENT OFFICIALS, COULD PLAY UPON THE FEARS OF LANDOWNERS. AS SOME ARAB LANDOWNERS SEE LARGE TRACTS OF LAND THEY REGARD AS THEIRS FENCED IN FOR "SECURITY REASONS" OR CLAIMED AS "STATE LANDS," SOME WILL UNDOUBTEDLY QUESTION THE WISDOM OF HOLDING TO PRINCIPLE AND FORGOING AN OPPORTUNITY FOR COMPENSATION.

7. ONE UNANSWERED QUESTION IS HOW LAND ALREADY PURCHASED ILLEGALLY BY ISRAELIS WILL BE HANDLED UNDER THIS DECISION. SUCH ISRAELIS WILL PROBABLY NOW TRY TO HAVE THEIR LANDS REGISTERED OPENLY. SOME CASES ARE NOW IN THE COURTS IN WHICH ARABS WHO DID NOT HAVE VALID OWNERSHIP OR POWER-OF-ATTORNEY FRAUDULENTLY SOLD LAND TO ISRAELI BUYERS.

8. MOREOVER, THE JEWISH NATIONAL FUND AND SOME PRIVATE CITIZENS HELD 32,000 DUNAMS ON THE WEST BANK BEFORE 1948.

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SECRET FINAL SECTION OF 02 STATE 246664/02

THE ISRAELI LAND AUTHORITY IS ADMINISTERING THIS LAND, AND MOST OF IT HAS BEEN LEASED TO ARABS. IF THE FUND OR THE PRIVATE OWNERS NOW RECLAIM THEIR RIGHTS TO ADMINISTER THE LAND, IT COULD CREATE FRICTION WITH THE ARAB TENANTS.

9. FINALLY, THE DECISION RAISES THE POSSIBILITY THAT ISRAELI ARABS COULD BE USED AS FRONTS TO PURCHASE LAND, EITHER BY ARAB INTERESTS OUTSIDE THE OCCUPIED TERRITORIES OR JEWISH GROUPS INTENT ON SETTLEMENT ACTIVITY.

10. (U) DAYAN DEMANDS TO HEAD DELEGATION TO US: ACCORDING TO DAVAR, DAYAN DEMANDED THE TITLE OF HEAD OF THE ISRAELI DELEGATION TO THE TALKS ON THE SUPERVISION ARRANGEMENTS IN THE SINAI AS THE CONDITION FOR HIS GOING TO THE US. PREVIOUSLY, DAYAN REQUIRED TO BE RELEASED FROM MAKING THE TRIP EXPLAINING THAT WEIZMAN COULD CONDUCT THE NEGOTIATIONS BY HIMSELF.

11. (U) PERES LASHES OUT AT PLO: ACCORDING TO AP, SHIMON PERES LASHED OUT AT THE PLO IN A SPEECH SPONSORED BY THE YALE UNIVERSITY POLITICAL UNION SEPTEMBER 17. PERES CHARGED THAT THE PLO HAS NEVER FOLLOWED A MODERATE POLICY AND THAT THERE IS NOT THE SLIGHTEST CHANCE THAT THE PLO WILL CHANGE ITS GOVERNMENT OR POLICIES. PERES ADDED THAT, "THE PALESTINIAN PEOPLE HAVE A RIGHT TO DETERMINE THEIR OWN FUTURE THE MINUTE THE PLO THREAT IS LIFTED."

12. (U) ISRAEL TO HONOR SOUTH AFRICAN ARMS EMBARGO: US UN REPORTS THAT IN AN ISRAELI-UN MISSION NOTE TO THE ARMS EMBARGO COMMITTEE ISRAEL SAYS IT WILL COMPLY WITH SECURITY COUNCIL RESOLUTION 418 (1977) AND ACCORDINGLY WILL NOT PROVIDE SOUTH AFRICA WITH ARMS OR RELATED MATERIAL INCLUDING THE SALE OR TRANSFER OF WEAPONS AND AMMUNITION, MILITARY VEHICLES AND EQUIPMENT.

13. (C) SAUDI CONCERNS ABOUT YEMEN UNITY: EMBASSY ADDA REPORTS THAT THE FOREIGN-MINISTRY-DIRECTOR FOR ARAB AFFAIRS, ISMAIL SHURA, TOLD THE POLITICAL COUNSELOR ON SEPTEMBER 17, THAT THE PURPOSE OF THE VISIT OF THE YAR PRIME MINISTER AND HIS DEPUTY TO SAUDI ARABIA SEPTEMBER 11 WAS TO INFORM THE SAUDIS THAT SALIH PLANNED TO ACCEPT THE PROPOSAL FOR A SUMMIT MEETING WITH PDY'S ABD AL-FATTAH ISMAIL. SHURA SAID THAT PRINCE SAUD WAS SCHEDULED TO VISIT SANA THE DAY OF THE SUMMIT, SEPTEMBER 17, TO DISCUSS YEMENI UNITY AND EASTERN BLOC ARMS DELIVERIES TO THE YAR. SHURA THOUGHT THAT SALIH AGREED TO THE SUMMIT BECAUSE HE WAS AFRAID THE PDY WOULD ATTACK IF HE DID NOT AT LEAST GIVE THE APPEARANCE OF MOVING TOWARD UNITY. THE SAUDIS, PURPORTEDLY, DID NOT HAVE MUCH CONFIDENCE THAT SALIH WOULD ABIDE BY HIS ASSURANCES TO THEM ON THE UNITY QUESTION.

14. (U) CORRECTION-YAR EMBASSY "BOMB": EMBASSY SANA REPORTS THAT THE PACKAGE DELIVERED TO THE EMBASSY MONDAY WAS ERRONEOUSLY BELIEVED TO BE A BOMB.

15. (U) OMAN, UAE REACH BORDER AGREEMENT: ACCORDING TO QATAR'S PRESS, THE UNDERSECRETARY OF THE OMANI FOREIGN MINISTRY HAS DECLARED THAT THE UAE AND OMAN HAVE REACHED AN AGREEMENT ON THE BORDER DISPUTE BETWEEN THE TWO COUNTRIES AND THAT THE AGREEMENT WILL BE ANNOUNCED SOON.

16. (C) HUSS ON PLO WITHDRAWAL: PRIME MINISTER AL-HUSS TOLD AMBASSADOR DEAN SEPTEMBER 14, THAT HE HAD TALKED WITH SALAH KHALAF (ABU IYAD) RECENTLY AND AS A RESULT OF THIS MEETING WAS CONVINCED THE PLO WOULD AGREE TO THE LEBANESE ARMED FORCES TAKING OVER WIDER RESPONSIBILITIES IN SOUTH LEBANON ONLY IF THERE WERE SOMETHING IN IT FOR THE PALESTINIANS. KHALAF TOLD AL-HUSS THAT THE DEPLOYMENT OF LEBANESE SOLDIERS TO THE SOUTH REQUIRED A POLITICAL AGREEMENT AMONG THE LEBANESE GOVERNMENT, THE VARIOUS LEBANESE FACTIONS, THE PLO, AND THE SYRIANS.

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F.C. 12005 DFB 9/22/15 (MONTEVILLI, JOSEPH V.)

DATE: JAN 24 - SEPTEMBER 24, 1970

TRAINING, "VOICE SENSITIVE" COLLECTS AND METHODS INVOLVED
NOT AVAILABLE TO FOREIGN NATIONALS

(A) - GROUP 1 - CONFIDENTIAL / NOFORN

"LITANI" MEDIA AFFAIRS: ISSUES OF CREDIBILITY
AND INTEGRITY: CLIPPING OF A LITANI'S REDUCTION OF THE
"LITANI" OF AN ISRAELI JOURNALIST, OFFICER CONVICTED OF
KILLING ISRAELI CIVILIANS DURING THE LITANI CAMPAIGN
IN 1978. ALL LITANI'S APPARENT DISCREPANCY ON THE CASE HAVE
BEEN REPORTED INVOLVING THE IMAGE OF THE ISRAELI
ARMY (IDF).

(4) RECAP THE CAPABILITY OF THE CHIEF OF STAFF.

(S) 1. THE GROUPS OF THE GREAT STANDING OF THE IDP
IN THE BARBARIC AGAINST AM.

NOTE: ISSUES ARE SENSITIVE BECAUSE OF THE GREAT SIGNIFICANCE OF THE MILITARY AS A NATIONAL INSTITUTION.

2. While traveling on CP 1-12 PROSECUTION INTO 1944-45,
FBI INVESTIGATIVE DIVISION, NEW YORK, ADVISED AS FOLLOWS:
RE: JAMES PATTERSON, AKA, BORN 11/11/1911, S. 115 OFFICIAL
RECORDED, NEW YORK TO PRIVATE, AND SENTENCED TO

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12 YEARS IN PRISON. HIS SENTENCE WAS LATER REDUCED TO EIGHT YEARS BY THE MILITARY COURT OF APPEALS. IN JUNE 1979, EITAN FURTHER REDUCED THE PRISON TERM TO TWO YEARS.

3. EITAN JUSTIFIED HIS DECISION ON THE GROUNDS THAT THE PROSPECTS OF COMBAT WERE MITIGATING CIRCUMSTANCES AND THAT THE OFFICER'S LOSS OF FAITH WAS THE MOST EFFECTIVE PUNISHMENT. REPORTS LEAKED TO THE ISRAELI PRESS, HOWEVER, HAVE ALLEGED THAT THE OFFICER WAS NOT IN A SITUATION OF DANGER, BUT MURDERED THE ARABS IN COLD BLOOD. PRESS REPORTS HAVE ALSO CLAIMED THAT THE OFFICER WAS INVOLVED WITH THE DAUGHTER OF A GENERAL OFFICER WHO IS A FRIEND OF EITAN.

4. THE MILITARY AND SOCIETY: THE IDF IS THE MOST PRESTIGIOUS OF ISRAEL'S NATIONAL INSTITUTIONS AND ALSO ONE OF THE MOST INFLUENTIAL. THROUGH ITS YOUTH PROGRAMS, WIDELY CAST CONSCRIPTION NET, AND EXTENDED RESERVE SYSTEM, THE IDF TOUCHES THE DAILY LIVES OF VIRTUALLY ALL ISRAELIS. PRIOR TO THE 1973 WAR, THIS INSTITUTION WAS VIRTUALLY SACROSANCT AND ITS GENERAL OFFICERS, THE "ALUFIM," VIEWED AS ISRAEL'S HERO CLAS. THE SHOCK OF THE 1973 WAR TARNISHED THIS IMAGE, HOWEVER, AND IT LEFT THE MILITARY AND ITS LEADERS MORE SUBJECT TO CRITICISM. THE CURRENT AFFAIR IS THE MOST RECENT EXAMPLE. NEVERTHELESS, ISRAELIS IN GENERAL REMAIN SENSITIVE TO ANYTHING THAT DETRACTS FROM THE IDF'S STANDING.

5. THE CREDIBILITY ISSUE: MUCH OF THE CONTROVERSY GENERATED BY THE "LIFARI OFFICER AFFAIR" HAS CENTERED ON THE ISSUE OF EITAN'S CREDIBILITY. HIS CRITICS ARGUE THAT EITAN, EITHER DELIBERATELY OR UNINTENTIONALLY, MISLED THE NATION ABOUT THE CIRCUMSTANCES OF THE DEATH OF THE FOUR ARABS. EFFORTS BY EITAN AND WEIZMAN TO CLARIFY THE SITUATION HAVE BEEN LESS THAN SUCCESSFUL.

6. THIS ISSUE IS IMPORTANT BECAUSE BOTH GOVERNMENT AND PEOPLE DESIRE A CHIEF OF STAFF WHOSE CREDIBILITY IS BEYOND QUESTION. IT WOULD BE PROFOUNDLY DISTURBING TO ISRAELIS NOT TO BE ASSURED THAT HIS POLICY POSITIONS ARE BASED ON OBJECTIVE MILITARY JUDGMENT AND THAT HE IS NOT DRIVEN BY OTHER CONSIDERATIONS. THE CURRENT AFFAIR WILL INEVITABLY DETRACT SOMEWHAT FROM EITAN'S CREDIBILITY, THOUGH NOT NECESSARILY ENOUGH TO PROVOKE HIS DISMISSAL.

7. THE ISSUE OF MORALITY: THE IDF HAS GIVEN MORE THAN LIP SERVICE TO THE CONCEPT OF JUSTICE IN WAR AND TO THE ISRAELI MILITARY DOCTRINE THAT REQUIRES MAINTAINING "PURITY OF ARMS." NEVERTHELESS, THIS DOCTRINE HAS BEEN

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AT ODDS WITH THE DOCTRINE OF "EXHAUSTING THE MISSION,"
I.E., THE UNACCEPTABILITY OF A FAILURE TO CARRY OUT A
GIVEN OPERATION, EXCEPT UNDER EXTREME CIRCUMSTANCES.
THERE HAVE BEEN ENOUGH EXAMPLES OF "EXHAUSTING THE
MISSION," EVEN IF IT ENTAILED CASUALTIES OF INNOCENTS,
TO SUGGEST THAT THIS IS AT LEAST OCCASSIONALLY THE DOMINANT
CONCEPT.

B. FOR A NATION ENGAGED IN WHAT IT VIEWS AS A PROTRACTED
WAR AGAINST "TERRORIST" OPPONENTS, AND TRYING TO CONVINCE
INTERESTED OBSERVERS OF THE JUSTICE OF ITS WAR, THE
ISSUE OF KILLING DEFENSELESS INDIVIDUALS IS NOT
UNIMPORTANT. BY REDUCING THE SENTENCE, KIPAN -- IN THE
EYES OF MANY ISRAELIS -- HAS PUT THE IDF ON THE SAME LEVEL
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OF CONDUCT AS THE DESPISED "TERRORISTS." ISRAELIS FIND IT DISTRESSING TO SEE THEIR MOST REVERED INSTITUTION REVEALED IN SUCH LIGHT.

9. (U) BOMB BLAST IN JERUSALEM: ACCORDING TO AP, A BOMB EXPLODED AT A CROWDED SHOPPING MALL IN JERUSALEM SEPTEMBER 19, KILLING ONE AND INJURING THIRTY-FOUR PEOPLE.

10. (U) WALDHEIM CRITICIZES ISRAELI DECISION ON LAND PURCHASES IN OCCUPIED TERRITORIES: ACCORDING TO OUR UN MISSION, SECRETARY GENERAL WALDHEIM ISSUED A STATEMENT CONCLUDING THAT THE REPORTS OF THE ISRAELI DECISION (ON PRIVATE PURCHASES OF LAND) IF ACCURATE, IMPLY A DECISION CONTRARY TO A NUMBER OF UN RESOLUTIONS RELATING TO THE ACQUISITION OF LAND IN THE OCCUPIED TERRITORIES AND TO THE TERMS OF THE FOURTH GENEVA CONVENTION.

11. (C) FREIJ ON KNESSET DECISION ON LAND SALES: MODULATE GENERAL JERUSALEM REPORTS THAT DURING THE COURSE OF A CONVERSATION SEPTEMBER 18 WITH AID ADMINISTRATOR ISNOCOT, BETHLEHEM'S MODERATE MAYOR FREIJ EMPHASIZED HIS VIEW THAT THE KNESSET DECISION PERMITTING ISRAELIS TO BUY LAND IN THE WEST BANK WAS AN EXTREMELY ALARMING STEP. HE SAID THAT IT MUST BE REMEMBERED THAT MANY WEST BANKERS WILL EXTENSIVE LAND HOLDINGS, PARTICULARLY THOSE FROM THE BETHLEHEM AND RAMALLAH AREAS, ARE LIVING ABROAD IN LATIN AMERICA AND NORTH AMERICA WITH LITTLE INTENTION OF RETURNING AS LONG AS ISRAEL HOLDS ONTO THE TERRITORIES. MORE THAN EVER, THESE PEOPLE WILL BE TEMPTED TO SELL, PARTICULARLY SINCE THE MILITARY GOVERNMENT KNOWS THE NAMES AND ADDRESSES OF THE ABSENTEES AND EXPECTS THAT POTENTIAL JEWISH BUYERS WILL BE VIGOROUSLY CONTACTING THE ABSENTEES WITH GOOD OFFERS.

12. (U) JAHANE PREVENTED FROM ENTERING ISRAELI-ARAB POLICE

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PREVENTED MILITANT AMERICAN RABBI MEIR KAHANE FROM ENTERING AN ISRAELI-ARAB TOWN TODAY WHERE THOUSANDS OF RESIDENTS STAGED A NOISY DEMONSTRATION AGAINST HIS VISIT. LAST WEEK RABBI KAHANE NOTIFIED MEMBERS OF THE TOWN COUNCIL OF UMM EL-FAHM, SOUTHEAST OF HAIFA, THAT HE WOULD VISIT THE COMMUNITY TO ASK THEM TO SIGN ISRAEL'S DECLARATION OF INDEPENDENCE. HE SAID THE SIGNING OF THE DOCUMENT WAS NECESSARY BECAUSE THE LOYALTY OF THE ARAB RESIDENTS WAS IN DOUBT.

13. (U) KHALIL BLASTS ISRAELI LAND DECISION: ACCORDING TO REUTER, PRIME MINISTER KHALIL SAID SEPTEMBER 19 THAT ISRAEL'S DECISION TO ALLOW ITS CITIZENS LAND-BUYING RIGHTS IN OCCUPIED TERRITORIES WAS PART OF AN ATTEMPT TO FORCE ARABS INTO SELLING. HE ADDED THAT THE MOVE WAS "A NEW ATTEMPT TO OBTAIN THE ARAB CHARACTER OF PALESTINIAN LAND AND CREATE A NEW STATUS LIKELY TO OBSTRUCT THE PALESTINIAN PEOPLE'S PRACTICE OF THEIR RIGHTS OVER THEIR LAND AND HOME." (THIS COMES IN ADDITION TO THE STRONG CONDEMNATION OF THE ISRAELI DECISION ISSUED SEPTEMBER 19 BY THE EGYPTIAN FOREIGN MINISTRY.)

14. (C) BAHRAIN SHOWS FIRMNESS IN COUNTERING DEMONSTRATIONS: EMBASSY MANAMA REPORTS THAT BAHRAIN'S POLICY OF ACTING RAPIDLY AND FIRMLY TO DISPEL THE SEVERAL SMALL SHIITE DEMONSTRATIONS HELD DURING THE PAST TWO WEEKS, HAS BEEN SUCCESSFUL AND THE CITY IS CALM. RIOT SQUAD

PATROLS HAVE BEEN IN EVIDENCE DOWNTOWN AND THERE HAVE BEEN ALMOST DAILY PRESS STATEMENTS BY THE MINISTERS OF INFORMATION AND OF THE INTERIOR, REPEATEDLY EMPHASIZING THE GOVERNMENT'S FIRM ATTITUDE.

15. (C) YAR-SOVIET ARMS AGREEMENT: EMBASSY SANA REPORTS THAT A SENIOR YEMENI OFFICIAL TOLD THE AMBASSADOR ON SEPTEMBER 19 THAT HE DID NOT BELIEVE SALIH WAS ACTIVELY CONSIDERING AN ARMS DEAL WITH THE SOVIET UNION. HOWEVER, DEPUTY CHIEF OF STAFF ALI HANSONN CONTINUES TO SHUTTLE BETWEEN PRAGUE AND BERLIN WAITING FOR INSTRUCTIONS FROM THE PRESIDENT AND HAS NEGOTIATED THE DETAILS OF AN AGREEMENT, ALTHOUGH HE HAS CLEARLY NOT YET RECEIVED THE AUTHORITY TO SIGN IT. THE SOURCE COMMENTED THAT SALIH SAID IT WAS PUBLIC KNOWLEDGE THAT HE HAD TAKEN MONEY FROM THE CENTRAL BANK AND PURCHASED NEW POLISH TANKS.

16. (U) PLO-SCLC: REUTER QUOTED THE PRESIDENT OF THE SOUTHERN CHRISTIAN LEADERSHIP CONFERENCE, JOSEPH LOWERY, AS SAYING IN BEIRUT THAT: "WE ARE CONVINCED THAT THE ULTIMATE SOLUTION FOR LEBANON AND THE MIDEAST IS FOR

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BOTH THE ISRAELIS AND THE PALESTINIANS TO BE SECURE IN THEIR RESPECTIVE HOMELANDS, AND TO LIVE IN PEACE WITH JUSTICE. LOWERY SAID THE SCLO PLANS TO HOLD SEMINARS IN MAJOR AMERICAN CITIES WHICH WILL FOCUS ON PEACE EFFORTS IN THE MIDDLE EAST AND AFRICA AND EXPRESSED THE HOPE THAT REPRESENTATIVES OF ALL PARTIES INVOLVED WOULD PARTICIPATE.

ACCORDING TO THE PLO'S RADIO, CONGRESSMAN FAUNTROY SAID CIVIL RIGHTS LEADERS HAVE BEGUN TALKS WITH THE PLO IN THE HOPE THAT THE US GOVERNMENT WILL FOLLOW SUIT.

17. (U) ARAFAT-HUSSEIN MEET: AMMAN RADIO REPORTED THAT YASSIR ARAFAT MET WITH KING HUSSEIN SEPTEMBER 19 AT THE

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JORDANIAN BORDER TOWN OF AL-RAMTHA. (THIS IS THE FOURTH MEETING ARAFAT HAS HELD WITH HUSSEIN IN JORDAN IN THE PAST YEAR AND FOLLOWS THEIR REPORTED MEETING AT THE NON-ALIGNED SUMMIT IN HAVANA.) ARAFAT SAID HE PLANNED TO COORDINATE ISSUES OF MUTUAL CONCERN WITH HUSSEIN FOR THE FORTHCOMING UNGA SESSION, PARTICULARLY SINCE THE KING WILL BE THE FIRST SPEAKER AT THE SESSION.

16. (LOC) PLO-RECOGNITION OF ISRAEL. IN AN INTERVIEW WITH THE BEIRUT PERIODICAL MONDAY MORNING, SENIOR FATAH LEADER SALAH KHALAF SAID THAT RECOGNITION OF ISRAEL IS "THE BIGGEST CARD" IT (THE PLO) HAS, AND IT IS WILLING TO RELINQUISH IT ONLY IN RETURN FOR A STATE NOT A STATEMENT. "I AM LOOKING FOR THE PARTY WHO CAN GIVE ME THAT STATE SO I CAN GIVE IT THIS CONCESSION IN RETURN," HE SAID. (WE REGARD THIS STATEMENT AS EXTREMELY SIGNIFICANT SINCE KHALAF IS GENERALLY MORE RESERVED IN HIS PUBLIC STATEMENTS THAN ARAFAT. FATAH LEADERS ARE NOW MORE WILLING TO ADMIT TO THEIR FOLLOWERS THAT RECOGNITION OF ISRAEL WILL BE THE POLITICAL PRICE THAT HAS TO BE PAID IF THEY ARE TO REALIZE THEIR LIMITED GOALS. ARAFAT RECENTLY HAS DOCKED JUST SUCH QUESTIONS BY ASKING INTERVIEWERS WHY THEY DID NOT ASK THE ISRAELIS IF THEY WERE READY TO RECOGNIZE PALESTINIAN RIGHTS.)

KHALAF ALSO SAID THAT HE EXPECTED ARAFAT TO RECEIVE INVITATIONS FROM ALL WEST EUROPEAN COUNTRIES WITHIN THE NEXT FIVE MONTHS. HE STATED THAT ARAFAT WOULD GO TO FRANCE AT THE INVITATION OF THE FRENCH COMMUNIST PARTY AND THAT IT WOULD BE UP TO THE FRENCH GOVERNMENT TO DECIDE IF AN OFFICIAL VISIT OCCURS. VANCE

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C O N F I D E N T I A L SECTION 01 OF 03 STATE 235176/01

E.O. 12065 GDS 9/27/85 (MONTVILLE, JOSEPH V.)

TAGS: EQ, IS, PINR

SUBJECT: INTSUM 905 - SEPTEMBER 27, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

(PARAGRAPHS 1-9 CONFIDENTIAL)

1. WEST GERMAN INITIATIVES WORRY ISRAEL: WEST GERMANY IS CAUTIOUSLY MOVING TO IMPROVE RELATIONS WITH THE ARABS IN WAYS THAT ARE BOUND TO CAUSE ISRAEL CONCERN. BONN WILL ATTEMPT TO BALANCE ITS NEW ARAB EMPHASIS WITH EFFORTS TO MAINTAIN THE SUPPORTIVE RELATIONSHIP WITH ISRAEL THAT IT HAS BEEN FOLLOWING IN ATONEMENT FOR THE NAZI ERA. THE FRG REMAINS COMMITTED TO ISRAEL'S CONTINUED EXISTENCE AND ITS RIGHT TO SECURE BOUNDARIES. BUT WEST GERMAN INITIATIVES ARE CAUSING THE FRG TO BE PERCEIVED BY BOTH ARABS AND ISRAEL AS CLOSER TO THE ARABS THAN IN THE PAST.

2. BONN DOES NOT WANT TO GET TOO FAR AHEAD OF WASHINGTON ON MIDDLE EAST ISSUES. IT WOULD LIKE THE MOMENTUM OF CAMP DAVID TO PICK UP. SCHMIDT AND FOREIGN MINISTER GENSCHER BELIEVE THAT THE PALESTINIAN ISSUE LIES AT THE HEART OF A SETTLEMENT AND THAT RECOGNITION OF ISRAEL'S EXISTENCE BY THE PALESTINIANS IS THUS CRUCIAL TO A SUCCESSFUL CONCLUSION OF NEGOTIATIONS. THEY ALSO WANT TO HELP MAKE A US MOVE TOWARD DIALOGUE WITH THE PLO POSSIBLE.

3. GENSCHER, WHO RETURNED IN EARLY SEPTEMBER FROM HIS SECOND RECENT TOUR OF THE MIDDLE EAST, IS INTERESTED IN PROMOTING A MORE PROMINENT EUROPEAN ROLE IN THE AREA. HE WOULD LIKE WEST GERMANY AND THE EC-9 TO AUGMENT US EFFORTS BY EXERTING A CALMING AND CONSTRUCTIVE INFLUENCE ON THE ARAB RADICALS.

4. GENSCHER IS WORRIED IN PARTICULAR ABOUT THE OPPOSITION OF THE ARABS TO THE CAMP DAVID ARRANGEMENTS AND ABOUT THE LACK OF EFFECTIVE WESTERN INVOLVEMENT WITH THE PLO. THE NEW, MORE ACTIVE EUROPEAN ROLE THAT HE ENVISAGES IS STRONGLY SUPPORTIVE OF US EFFORTS; HE EXPECTS THAT IT WOULD BE CARRIED OUT WITH US BLESSINGS.

5. IN A BONN BRIEFING OF EC AMBASSADORS, SHORTLY AFTER GENSCHER'S RETURN FROM HIS MIDDLE EAST TRIP, FRG FOREIGN OFFICE SPOKESMEN REPORTEDLY EMPHASIZED THAT IN ORDER TO HELP THE US, THE EC-9 NEEDED TO SHOW THAT THERE EXISTED A EUROPEAN ALTERNATIVE TO SOVIET INFLUENCE. THE ARABS, GENSCHER CONCLUDED, HAD BEEN FAVORABLY IMPRESSED WITH THE BASIC EUROPEAN POSITIONS THAT HE HAD OUTLINED TO THEM ON HIS TRIPS.

6. THE FRG EXPLICITLY SUPPORTS THE RIGHT OF THE PALESTINIANS TO SELF-DETERMINATION. AT THE SAME TIME, THE FRG IS ENGAGED IN PUTTING BE IND-THE-SCENES PRESSURE ON ISRAEL TO ADOPT A MORE ACCOMMODATING STANCE TOWARDS THE ARABS. WEST GERMAN OPPOSITION TO ISRAELI SETTLEMENTS, TO ISRAELI POLICY TOWARD SOUTHERN LEBANON, AND TO ISRAELI OPPOSITION TO A PALESTINIAN STATE WAS MADE CLEAR TO TEL AVIV.

7. HOW FAR BONN WILL PERSIST IN A POLICY WHICH ANTAGONIZES THE ISRAELIS REMAINS TO BE SEEN. WHEN DAYAN VISITED BONN EARLIER THIS MONTH, FRG LEADERS ATTEMPTED TO REASSURE HIM. UNDER ISRAELI PRODDING, GENSCHER RETREATED SLIGHTLY FROM HIS INSISTENCE ON "SELF-DETERMINATION" FOR THE PALESTINIANS. HE ADDED THE IMPORTANT QUALIFICATION THAT THE "APPROVAL OF ALL PARTIES CONCERNED" WAS NEEDED FOR PALESTINIAN SELF-DETERMINATION.

8. DAYAN LEFT BONN WITH LESS THAN HE HAD BEEN LOOKING FOR. YET, THERE IS NO POSSIBILITY THAT THE FRG WILL BACK OFF FROM ITS BASIC COMMITMENT TO ISRAEL'S CONTINUED EXISTENCE AND ITS RIGHT TO SECURE BOUNDARIES.

9. (U) ISRAEL-EGYPT-LAND SALES: JERUSALEM RADIO CHARACTERIZED THE EXCHANGE BETWEEN MINISTER BUTRUS GHALI AND MINISTER BURG AT THE AUTONOMY NEGOTIATIONS OVER THE DECISION TO PERMIT ISRAELIS TO BUY LAND IN THE OCCUPIED TERRITORIES AS "A FIERCE ARGUMENT." BUTRUS GHALI SAID THAT THE DECISION CREATES FAITS ACCOMPLIS AND REMARKED: "LET IT BE CLEAR THAT WITHOUT THE PARTICIPATION OF PALESTINIANS OUR DISCUSSIONS HERE WILL ONLY BE ACADEMIC." THE EGYPTIAN NEWSPAPER AL-AKHBAR SAID THAT, "THE DECISION HAS GENERATED THE FIRST CLOUDS OF ANGER AND RESENTMENT SINCE THE PEACE INITIATIVE WAS LAUNCHED." THE COMMENTARY CONCLUDED, HOWEVER, THAT BOTH SIDES MUST CONCENTRATE ON ACHIEVING PROGRESS AT AUTONOMY NEGOTIATIONS AND NOT BE DIVERTED BY ISRAELI ATTEMPTS TO RAISE SIDE ISSUES.

10. (U) ISRAEL-ETAN AFFAIR: REUTER REPORTS THAT A NEW CASE ALLEGING THE MURDER OF ARAB CIVILIANS BY AN ISRAELI OFFICER HAS SURFACED. IT CAME TO LIGHT THROUGH A LETTER SENT TO DEFENSE MINISTER WEIZMAN, ACCORDING TO SEVERAL

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C O N F I D E N T I A L SECTION 02 OF 03 STATE 255176/02

ISRAELI NEWSPAPERS. THE LETTER, WHICH IS SAID TO HAVE BEEN SIGNED BY 150 UNIVERSITY LECTURERS, CHARGED THAT IDF CHIEF OF STAFF EITAN HAD VOIDED THE SENTENCE OF A SENIOR ARMY OFFICER CONVICTED OF KILLING CIVILIANS DURING THE MARCH 1978 INVASION OF SOUTH LEBANON. THE SENTENCE WAS NOT GENERALLY KNOWN IN ISRAEL, THE LETTER SAID, BECAUSE EITAN HAD USED MILITARY CENSORSHIP TO PREVENT PUBLICATION OF THE NEWS. THIS REPORT FOLLOWS A CONTROVERSY ABOUT EITAN'S DECISION TO REDUCE THE SENTENCE OF LT. PINTO, WHO WAS CONVICTED OF KILLING FOUR CIVILIANS IN THE SAME OPERATION.

11. (U) BEGIN VOWS TO STRIKE TERRORISTS: JERUSALEM RADIO REPORTED SEPTEMBER 25 THAT WHILE ADDRESSING A CONFERENCE IN JERUSALEM, PRIME MINISTER BEGIN STATED THAT: "WHOEVER RECOGNIZES THE SO-CALLED PLO RECOGNIZES GENOCIDE." THE RADIO CORRESPONDENT SAID THAT DURING THE SPEECH BEGIN MADE IT CLEAR THAT ISRAEL WILL CONTINUE TO STRIKE AT THE "TERRORISTS."

12. (U) ISRAEL-SINAI SUPERVISION: HA'ARETZ MILITARY CORRESPONDENT ZE'EV SCHIFF WROTE SEPTEMBER 25 THAT: "THE IDF AUTHORITIES ARE PLEASED WITH THE TEMPORARY SINAI SUPERVISION AGREEMENT."

13. (C) ISRAEL-TORTURE ALLEGATIONS: EMBASSY TEL AVIV REPORTS THAT MINISTER OF JUSTICE TAMIR HAS GIVEN THEM THE IMPRESSION THAT HE HAD TAKEN A CASE IN WHICH TORTURE OF AN ARAB SUSPECT WAS ALLEGED WITH THE UTMOST SERIOUSNESS. TAMIR CLAIMED THAT THE ARAB'S CHARGES WERE GROSSLY EXAGGERATED, BUT HE SAID THERE WAS A KERNEL OF TRUTH TO THEM AND, THUS, THE INTERROGATOR IN THE CASE HAD BEEN REPRIMANDED AND TRANSFERRED. SHIN BETH WAS PUT ON NOTICE THAT SUCH INTERROGATION TECHNIQUES WOULD NOT BE TOLERATED, ACCORDING TO TAMIR. THE EMBASSY COMMENTS IT IS SIGNIFICANT THAT TAMIR IS INVITING CLOSE SCRUTINY OF HIS INVESTIGATION SINCE IT INDICATES THAT HE AND HIS ASSOCIATES HAVE MADE A REAL EFFORT TO GET AT THE TRUTH.

14. (U) ISRAEL-JACKSON VISIT: ACCORDING TO WIRE SERVICE REPORTS, REV. JACKSON FIRED UP A PALESTINIAN CROWD IN NABLUS TO "A SCREAMING PITCH" SEPTEMBER 26 WITH BLACK PRIDE CHANTS. THE ARABS LATER CARRIED HIM OFF ON THEIR SHOULDERS CHANTING JACKSON, ARAFAT. JACKSON SUPPORTED THE ESTABLISHMENT OF A PALESTINIAN HOMELAND BUT SAID THE WEST BANKERS SHOULD MODEL THEIR TACTICS AFTER THE CIVIL RIGHTS STRUGGLE IN THE US. EARLIER, VISITING THE YAD VASHEM MEMORIAL TO THE HOLOCAUST VICTIMS, JACKSON SAID THIS SHOULD NOT BE ALLOWED TO HAPPEN TO ANYONE INCLUDING THE PALESTINIANS. HE ALSO SAID HE WOULD URGE THE PLO TO RECOGNIZE ISRAEL.

JACKSON WAS CRITICIZED BY SEVERAL PROMINENT ISRAELIS FOR REFUSING TO MEET WITH LEBANESE RIGHTIST MILITIA COMMANDER SAAD HADDAD, ACCORDING TO REUTER. HE WAS ALSO CRITICIZED BY SHIMON PERES AND OTHER LABOR PARTY LEADERS FOR INTINUATING THAT BEGIN'S REFUSAL TO MEET HIM WAS A RACIST DECISION.

JACKSON PROCEEDED ON TO AMMAN. HE WILL LATER GO TO BEIRUT WHERE HE WILL MEET WITH ARAFAT.

15. (U) ISRAEL-INSUBORDINATION: REUTER REPORTED SEPTEMBER 25 THAT AN ISRAELI ARMY RESERVE OFFICER WAS SENTENCED TO JAIL FOR REFUSING TO SERVE IN THE OCCUPIED TERRITORIES. ACCORDING TO REUTER'S MILITARY SOURCES, IT WAS BELIEVED TO BE THE FIRST CASE OF ITS KIND. THE OFFICER SAID HE WOULD NOT SERVE "FOR POLITICAL REASONS."

16. (U) PLO-ISRAEL: ACCORDING TO REUTER, SEDKI AL DAJANI, WHO IS RESPONSIBLE FOR PLO PUBLIC RELATIONS IN EUROPE, TOLD A CONFERENCE ON PALESTINE RIGHTS IN ROME THAT THE PLO WAS READY TO CREATE A STATE IN A PART OF WHAT WAS FORMERLY PALESTINE. HE SAID THE ORGANIZATION WOULD BE READY TO TALK WITH ISRAEL "THE MORNING AFTER" IT TOOK POSSESSION OF A SMALL PARCEL OF TERRITORY. ASKED IF THAT WOULD MEAN RECOGNITION OF ISRAEL, HE REPLIED, "OBVIOUSLY IT IMPLIES SOMETHING OF THE SORT."

17. (C) SAUDI ARABIA-EGYPT-SUDAN: ISMAIL AL SHURA, FOREIGN MINISTRY DIRECTOR FOR ARAB AFFAIRS TOLD EMBASSY JIDDA SEPTEMBER 25, THAT THE SUDANESE HAD PRESSED PRINCE SAUD TO VISIT KHARTOUM BUT SINCE SAUD LEAVES FOR THE US SEPTEMBER 27, THERE WAS LITTLE TIME FOR HIM TO DO SO. SHURA SAID THAT THE SUBJECT OF TALKS WITH THE SUDANESE WOULD BE "BILATERAL RELATIONS" (READ: ECONOMIC ASSISTANCE).

SHURA DISMISSED SADAT'S INTERVIEW WITH OCTOBER MAGAZINE AS RUBBISH BUT SAID THAT IT WAS TOO BAD THAT IT CAME AT A TIME WHEN SAUDIS WERE TRYING TO PERSUADE OTHER ARABS TO MODERATE THEIR ATTITUDES TO EGYPT. HE ADDED THAT KING KHALID'S UPCOMING VISIT TO LIBYA WILL UNFORTUNATELY PROBABLY BE READ BY SADAT AS PROOF OF A SAUDI-LIBYAN PLOT AGAINST NIMEIRI AND THAT QADHAFI HAS SUCCEEDED IN EMBARRASSING THE KING.

18. (C) SAUDI ARABIA-OIL PRODUCTION LEVEL: EMBASSY JIDDA REPORTS THAT CROWN PRINCE FAHD SEPTEMBER 26 AUTHORIZED PRESIDENT CARTER TO ANNOUNCE THE CONTINUATION ET

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SECRET SECTION 01 OF 03 STATE 287888/01

E.O. 12865 GDS 10/12/95 (GREENE, MYLES L.)

TAGS: EC, IS, PINK

SUBJECT: INTSUM 015 - OCTOBER 12, 1979

LONDON FOR GLASPIE

PARIS FOR NICHOLAS MURPHY

DOD/ISA FOR RANSOM

OTHER ADDRESSEES FOR CHIEFS OF MISSION

1. (S) ISRAEL: CABINET DISARRAY: A CIA ANALYSIS INCLUDES THE FOLLOWING: RECENT DEFECTIONS FROM PRIME MINISTER BEGIN'S DOMINANT LIKUD BLOC HAVE REDUCED HIS PARLIAMENTARY MAJORITY TO ABOUT SIX SEATS IN THE 120-MEMBER KNESSET, A DROP OF 11 SEATS OVER THE PAST YEAR. BEGIN'S DWINDLING PARLIAMENTARY STRENGTH WILL ENCOURAGE THE GOVERNMENT PARTIES TO PRESS THE PRIME MINISTER FOR SUPPORT ON ISSUES OF SPECIAL INTEREST TO THEM. EXACERBATING COALITION TENSIONS AND TESTING BEGIN'S LEADERSHIP. THE COALITION PROBABLY WILL CONTINUE TO LIMP ALONG OVER THE NEAR TERM, BUT INTERNAL STRAINS AND PUBLIC CRITICISM OF THE GOVERNMENT'S PERFORMANCE--ESPECIALLY ITS DISASTROUS ECONOMIC RECORD--ARE LIKELY TO INTENSIFY. BEGIN COULD WELL LOSE THE NATIONAL ELECTION IN 1981.

2. (S) DESPITE REAL ECONOMIC GROWTH APPROACHING 4 TO 5 PERCENT THIS YEAR, ISRAEL IS BESET BY SERIOUS ECONOMIC DIFFICULTIES. INFLATION IS THE MOST INTRACTABLE PROBLEM, WITH CONSUMER PRICES NEARING AN ANNUAL RATE OF ALMOST 120 PERCENT. THE BALANCE OF PAYMENTS--OVER 1 BILLION DOLLARS IN SURPLUS LAST YEAR--IS LIKELY TO WEAKEN AND UNLESS PRESENT POLICIES ARE CHANGED ISRAEL COULD EASILY RUN A DEFICIT OF AROUND 700 MILLION DOLLARS BY 1981.

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3. (S) PUBLIC CRITICISM HAS FOCUSED ON FINANCE MINISTER SIMCHA PERLICH AND HIS COLLEAGUES IN THE LIBERAL PARTY CONTINGENT OF LIKUD, WHICH HOLDS MOST KEY ECONOMIC MINISTRIES. THE PUBLIC'S CRITICISM IN TURN HAS FUELED HIGHLY PUBLICIZED POLICY DISPUTES BETWEEN THE LIBERALS AND FIGURES IN BEGIN'S HYROT PARTY, THE SENIOR MEMBERS OF LIKUD, THUS REINFORCING THE PUBLIC'S PERCEPTION OF GOVERNMENT DISARRAY.

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4. (S) PERLICH HAS BECOME SUCH A LIABILITY--HIS POPULARITY HAS FALLEN BELOW 10 PERCENT IN THE POLLS--THAT BEGIN PROBABLY WILL BE COMPELLED TO REPLACE HIM AND TO RESHUFFLE OTHER KEY ECONOMIC PORTFOLIOS. IN AN EFFORT TO SALVAGE A MEASURE OF THEIR PARTY'S BROODING CREDIBILITY, LIBERAL LEADERS REPORTEDLY HAVE GAINED PERLICH'S AGREEMENT TO SUBMIT TO BEGIN LATER THIS FALL A PLAN FOR A CABINET REORGANIZATION PLAN IN WHICH PERLICH WOULD NO LONGER HOLD THE FINANCE PORTFOLIO.

5. SUCH A REORGANIZATION ALMOST CERTAINLY WOULD SPARK INCREASED TENSION AND JOCKEYING FOR POSITION AMONG THE COALITION PARTIES IF, AS SEEMS LIKELY, THE RESHUFFLE INVOLVED SEVERAL MINISTRIES AND IF BEGIN APPOINTED A FIGURE FROM OUTSIDE THE LIBERAL PARTY TO FILL PERLICH'S POST. BEGIN'S PRELIMINARY FAVORITE IS SAID TO BE YIGAL PERVITZ, A FORMER MINISTER FROM THE SMALL, RIGHTWING LEAM CONTINGENT OF LIKUD AND AN OUTSPOKEN PERLICH CRITIC.

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6. THE PROLONGED ABSENCE OF CREDIBLE GOVERNMENT ACTION ON THE ECONOMY THREATENS TO ALIENATE LOWER-INCOME SEPHARDIC JEWS, WHOSE SUPPORT WAS INSTRUMENTAL IN PUTTING BEGIN OVER THE TOP IN THE ELECTION IN 1977. UNCHECKED INFLATION ALREADY HAS COST BEGIN SOME SEPHARDIC VOTES AND IS CERTAIN TO HAND THE LABOR OPPOSITION A MAJOR ISSUE WHEN SERIOUS CAMPAIGNING BEGINS ABOUT A YEAR FROM NOW.

7. (S) BEGIN'S ADHERENCE TO A RIGID NEGOTIATING STRATEGY AIMED AT ENSURING ISRAEL'S CONTROL OVER THE WEST BANK WILL CONTINUE TO BE THE MAJOR ISSUE DETERMINING THE LOYALTY OF KEY COALITION HARDLINERS. AGRICULTURE MINISTER SHARON, A MEMBER OF HYROT, AND ULTRAHARDLINE LEADERS OF THE NATIONAL RELIGIOUS PARTY, WITHOUT WHOSE SUPPORT BEGIN'S GOVERNMENT WOULD FALL, WOULD BE CERTAIN TO EXERT THE PRIME MINISTER IF HE MADE MAJOR CONCESSIONS ON:

(A) PALESTINIAN AUTONOMY ARRANGEMENTS.

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(B) THE ROLE OF THE PALESTINE LIBERATION

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ORGANIZATION IN THE NEGOTIATION PROCESS.

(C) JEWISH SETTLEMENT ACTIVITY.

(D) ISRAELI MILITARY WITHDRAWAL FROM THE WEST BANK.

2. (S) BEGIN IN THE PAST HAS DEMONSTRATED A GOOD SENSE OF THE CONSERVATIVES' BOTTOM-LINE ON NEGOTIATIONS ISSUES, WHICH LARGELY DOVETAILS WITH HIS OWN VIEWS. THE PAUCITY OF INFLUENTIAL MODERATES IN THE CABINET AND BEGIN'S CONVICTION THAT EGYPTIAN PRESIDENT SADAT WILL ACCEPT FAR LESS THAN THE PALESTINIANS' PROFFERED MINIMUM ON AUTONOMY ISSUES CONTINUE TO REINFORCE HIS DETERMINATION NOT TO MAKE CONCESSIONS ON CRUCIAL SOVEREIGNTY-RELATED MATTERS.

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9. (S) SOME LEADERS OF THE ORTHODOX AGUDAT ISRAEL PARTY, WHICH HOLDS FOUR SEATS IN PARLIAMENT, HAVE THREATENED TO SPLIT THE COALITION UNLESS BEGIN FOLLOWS THROUGH SOON ON HIS PROMISE TO SECURE LEGISLATION OUTLAWING ABORTIONS ON DEMAND. IF PRESSED, THIS DEMAND IS CERTAIN TO STRAIN THE TOLERANCE OF LIKUD'S LIBERALS AND THE DEMOCRATIC MOVEMENT, THE LEADING SECULAR MEMBERS OF THE COALITION. BEGIN NONETHELESS PROBABLY REMAINS CONFIDENT OF HIS ABILITY TO KEEP SECULARIST COUNTER PRESSURE WITHIN TOLERABLE LIMITS.
10. (S) AGUDAT ISRAEL MAY NOT WITHDRAW ITS SUPPORT EVEN IF ANTIABORTION LEGISLATION IS DELAYED. PARTY LEADERS REPORTEDLY ARE DIVIDED OVER THE WISDOM OF ABANDONING THEIR IMPORTANT PATRONAGE POSITIONS, WHICH INCLUDE A DEPUTY KNESSET SPEAKERSHIP AND TWO IMPORTANT KNESSET COMMITTEE CHAIRMANSHIPS. IF THE PARTY DOES WITHDRAW, BEGIN'S COALITION WOULD RETAIN A RAZOR-THIN MAJORITY.
11. (S) LABOR'S GROWING APPEAL IS DUE PRIMARILY TO THE RETURN OF BESTWILE LABOR SUPPORTERS FROM DEPUTY PRIME MINISTER YADIN'S YOUNDERING DEMOCRATIC MOVEMENT AND TO A LESSER EXTENT TO PUBLIC DISCONTENT WITH THE BEGIN GOVERNMENT. IF SUSTAINED, LABOR'S GAINS WILL ENABLE THE PARTY TO OFFER BEGIN STIFF COMPETITION IN THE ELECTION IN 1981.
12. (S) A SIZABLE PERCENTAGE OF VOTERS REMAINS UNDECLARED AND AT THIS POINT PROBABLY IS SKEPTICAL THAT LABOR COULD ESTABLISH AND MAINTAIN A MORE EFFECTIVE COALITION. GAINING SIGNIFICANT SUPPORT FROM THIS GROUP--OVER A THIRD OF THE VOTING POPULATION--WILL BE CRUCIAL TO LABOR'S PROSPECTS.
13. (S) LABOR HAS MADE SOME PROGRESS IN REVAMPING ITS

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INTERNAL ORGANIZATION. THE MERGER OF TWO MAJOR LABOR-AFFILIATED KIBBUTZ GROUPS AND THE GROWING INFLUENCE OF KIBBUTZ LEADERS SHOULD IMPART A MORE ACTIVIST IMAGE TO THE PARTY. A YOUNGER GENERATION OF POLITICALLY ATTRACTIVE FIGURES IS BEGINNING TO MOVE INTO POSITIONS OF INFLUENCE IN LABOR BODIES.

14. (S) CONTINUING FACTIONAL AND PERSONAL RIVALRIES AND A SENIOR LEADERSHIP THAT MANY VOTERS ASSOCIATE WITH THE SCANDALS THAT PAVED THE WAY TO LABOR'S DEFEAT IN 1977 NEVERTHELESS COULD UNDERMINE THE PARTY'S RECOVERY. THE NOTORIOUS RIVALRY BETWEEN LABOR CHAIRMAN SHIMON PERES AND FORMER LABOR PRIME MINISTER YITZHAK RABIN--RECENTLY HIGHLIGHTED BY THE PUBLICATION OF RABIN'S VISCERALLY ANTI-PERES MEMOIRS--AND A GROWING CHALLENGE TO PERES BY FORMER FOREIGN MINISTER YIGAL ALON DOUBTLESS HAVE CONVINCED SOME VOTERS THAT LABOR REMAINS UNABLE TO REFORM ITSELF. LABOR, MOREOVER, CONTINUES TO HAVE PROBLEMS GENERATING IDEOLOGICAL APPEAL TO HAWKISH-MINDED SEPHARDICS AND OTHER LOWER-INCOME URBAN GROUPS, WHO CONSTITUTE OVER HALF OF THE ELECTORATE.

15. (U) WEST BANK LAND SEIZURE: RADIO JERUSALEM REPORTS THAT THE GUSH EMUNIM SETTLERS WHO SEIZED AN OLIVE GROVE NEAR THEIR SETTLEMENT AT QADUMI WILLINGLY EVACUATED THE AREA LATE ON OCTOBER 10. THE ISRAELI DEFENSE FORCE HAS DISMANTLED THE BUILDINGS ERECTED BY THE SETTLERS IN THE OLIVE GROVE.

16. (U) ISRAEL-FURLICH: THE JERUSALEM POST REPORTED THAT NEXT WEEK BEGIN WILL BEGIN DISCUSSIONS WITH HIS COALITION PARTNERS CONCERNING A CABINET-RESHUFFLE. HIS DECISION TO MOVE ON THIS ISSUE FOLLOWS TALKS THAT HE HAD ON OCTOBER 10 WITH FINANCE MINISTER FURLICH WHOSE POST IS AT THE CENTER OF THE CABINET REORGANIZATION CONTROVERSY. THE JERUSALEM POST FELT THAT FURLICH WILL CERTAINLY RETAIN A SENIOR CABINET POST IN THE RESHUFFLE. RADIO JERUSALEM SAID OCTOBER 11 THAT FURLICH WAS ASKING FOR A PERSONAL VOTE OF CONFIDENCE FROM HIS OWN LIBERAL PARTY BECAUSE HE WAS CONVINCED THAT THE PARTY WOULD SUPPORT HIM.

17. (U) VIENNESE PEACE PRIZES: REUTER REPORTS THAT ABYE ELIAV, FORMER ME AND A LEADING ISRAELI LEFTWINGER, AND ISSAM SARTAVI, A MEMBER OF THE PLO AND A CLOSE CONFIDANT OF ARAFAT, WILL BE AWARDED PEACE PRIZES IN VIENNA ON OCTOBER 10, BY CHANCELLOR KRHSKY FOR THEIR EFFORTS TO FIND A PEACEFUL SOLUTION TO THE MIDDLE EAST CONFLICT.

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19. (U) IRAQ-BAHRAIN: RADIO BAGHDAD REPORTS THAT BAHRAINI PRIME MINISTER KHALIFA SAID ON OCTOBER 9, AFTER MEETING WITH IRAQI PRESIDENT SADDAM HUSSEIN, THAT IRAQ AND BAHRAIN "ARE AGREED IN THEIR VIEWS ON GULF ISSUES." KHALIFA ADDED THAT THE CONCEPT OF PERSIAN GULF SECURITY HELD BY IRAQ AND BAHRAIN IS NOT LIMITED TO THE PROTECTION OF SHIPPING, BUT ALSO INCLUDES THE PROTECTION OF PERSIAN GULF STATES AGAINST FOREIGN INTERVENTION.

19. (C) SUDAN-SAUDI ARABIA: EMBASSY KHARTOUM REPORTS THAT THERE ARE "REASONABLY FIRM INDICATIONS" THAT SAUDI ARABIA IS PREPARED TO PROVIDE THE SUDAN WITH A 200 MILLION DOLLAR MILITARY ASSISTANCE PACKAGE. (THIS APPEARS TO CONFIRM SAUDI DENIALS OF EGYPTIAN CHARGES THAT THE SAUDIS BY
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HAVE BEEN "PLOTTING" AGAINST THE SUDAN.)

20. (C) ISRAEL-PLO: REUTER REPORTS THAT THE ISRAELI MILITARY GOVERNMENT ON THE WEST BANK HAS OUTLAWED A PALESTINIAN COMMITTEE WHICH WAS FORMED AFTER THE CAMP DAVID MEETINGS TO COORDINATE LOCAL ARAB RESISTANCE TO THE IMPLEMENTATION OF AUTONOMY. THE GROUP WAS OUTLAWED AFTER THE ISRAELIS DISCOVERED THAT IT WAS THE PLO'S EXECUTIVE ORGANIZATION IN THE WEST BANK.

21. (U) JERUSALEM-HUNGER STRIKE: ACCORDING TO REUTER, THE WIVES OF ARAB PRISONERS IN A BEERSHEBA JAIL STAGED A HUNGER STRIKE OCTOBER 11 OUTSIDE THE OFFICES OF THE INTERNATIONAL RED CROSS IN JERUSALEM TO PROTEST WHAT THEY TERMED THE ILL-TREATMENT OF THEIR HUSBANDS. THE MINISTRY OF THE INTERIOR SAID THE COMPLAINTS HAD BEEN INVESTIGATED AND FOUND TO BE FALSE.

22. (U) LEBANON-OVERFLIGHTS: AP REPORTED THAT HIGHLY PLACED PALESTINIAN SOURCES CLAIMED THAT SYRIAN AND ISRAELI AIRCRAFT EXCHANGED FIRE OCTOBER 11 OVER SOUTHERN LEBANON, BUT THAT NO AIRCRAFT WERE LOST BY EITHER SIDE. JERUSALEM RADIO ANNOUNCED THAT THE ISRAELI DEFENSE FORCE HAD DENIED REPORTS THAT A CLASH HAD TAKEN PLACE. VANCE

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SECRET SECTION 01 OF 03 STATE 269260/01

F.O. 12065 SDS 10/15/85 (MONTVILLE, JOSEPH V.)

TAGS: EG, IS, PINR

SUBJECT: INTSUM 016 - OCTOBER 15, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
ORISE ADDRESSEES FOR CHIEFS OF MISSION

(PARAGRAPHS 1-10 CONFIDENTIAL)

1. ISRAEL: TENSIONS IN THE COALITION OVER THE SETTLEMENT
ISSUE: THE ISSUE OF WEST BANK SETTLEMENT POLICY HAS LONG
BEEN A SOURCE OF SERIOUS TENSIONS WITHIN THE COALITION.
THE DISSENT IN THE CABINET BOTH OF HAWKS, COMMITTED TO
SETTLEMENTS THROUGHOUT THE DENSELY POPULATED PORTIONS OF
THE WEST BANK, AND OF RELATIVELY DOVISH ELEMENTS, OPPOSED
TO SETTLEMENT IN THE "HEARTLAND OF SAMARIA," HAS LED TO
PERIODIC AND BITTER RECRIMINATIONS. SHANON HAS SPEARHEADED
THE HAWKISH DRIVE, RECEIVING CRUCIAL SUPPORT FROM MINISTER
HAMMER OF THE NATIONAL RELIGIOUS PARTY (NRP). DAYAN AND
WEITMAN HAVE LED THE EFFORT TO REDUCE THE PACE, SCOPE, AND
EXTENSION OF WEST BANK SETTLEMENT ACTIVITIES.

2. THE LATEST CONTROVERSY CENTERS ON PROPOSALS FOR
ACQUISITIONING PRIVATELY OWNED ARAB LAND IN THE WEST BANK
IN ORDER TO PROVIDE EXISTING SETTLEMENTS WITH "BREATHING
SPACE." SETTLEMENT ACTIVISTS OF THE GUSH EMUNIM HAVE
TAKEN UNAUTHORIZED STEPS TO EXPAND THE LANDHOLDINGS.

3. TRYING TO FIND THE PROPER RESPONSE TO MOUNTING
CONSPIRED PRESSURES, THE CABINET FINDS ITSELF CAUGHT
BETWEEN FOREIGN POLICY (US AND INTERNATIONAL) CONSIDERA-

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TIONS ON THE ONE HAND AND POWERFUL DOMESTIC POLITICAL FORCES ON THE OTHER. DAYAN AND WEIZMAN ARE INCLINED TO OPPOSE THE DEMANDS OF THE SETTLERS, BUT BEGIN REMAINS A MAN DIVIDED AGAINST HIMSELF. HE HAS A COMMITMENT TO A GREATER ISRAEL, YET HE WANTS ALSO TO BECOME ISRAEL'S PEACEMAKER. PERHAPS THE MOST DETERMINING CONSIDERATION, HOWEVER, IS HIS ANALYSIS OF THE DOMESTIC POLITICAL IMPLICATIONS OF A WEST BANK SETTLEMENT POLICY LESS CONGENIAL TO GUSH EMUNIM.

4. ALL MAJOR DECISIONS OF THE BEGIN GOVERNMENT ARE BEING MADE WITH AN EYE TO THE DECLINING POLITICAL STRENGTH OF THE COALITION. THE STEEP DROP IN BEGIN'S PUBLIC STANDING AND THE IMPRESSIVE INCREASE IN LABOR'S STRENGTH PORTEND DEFEAT FOR THE LIKUD IN THE NEXT ELECTION. BEGIN IS EXTREMELY SENSITIVE TO THE NEED TO ACCOMMODATE THOSE WHO COULD BRING HIS GOVERNMENT DOWN.

5. THE LEVERAGE OF THE MRP HAS BEEN UNEANCHED BY THE RECENT ESTABLISHMENT OF THE ULTRA-NATIONALIST TETIYA (RENEWAL) PARTY, WHICH WILL HAVE CONSIDERABLE APPEAL TO HAVES WITHIN BOTH THE MRP AND THE LIKUD. THE PRESSURE FROM TETIYA WILL PREVENT HAMMER FROM WANDERING FROM THE HARKISH PATH.

6. MRP PRESSURE ON BEGIN IS EFFECTIVE BECAUSE THE MRP HAS THE ABILITY TO BRING THE GOVERNMENT DOWN, AND THEREFORE AN MRP THREAT TO DO SO IS CREDIBLE. LEADERS OF THE MRP'S YOUTH FACTION HAVE INDICATED THAT THEY WILL CONTEMPLATE A RETURN TO THE "HISTORIC PARTNERSHIP" WITH LABOR IN PREFERENCE TO A BEGIN "SELL-OUT" ON THE WEST BANK.

7. CONVERSILY, THE LEVERAGE OF THE DOVISH ELEMENTS IN THE COALITION IS WEAK. YADIN'S PARTY WOULD BE UNLIKELY TO LEAVE IT, DESPITE OCCASIONAL THREATS TO DO SO. YADIN AND HIS COLLEAGUES REALIZE THAT THE FALL OF THE CABINET AND NEW ELECTIONS WOULD ASSURE THEIR OWN POLITICAL OBLIVION.

8. THE LIBERAL PARTY, WHICH CONTAINS A SIGNIFICANT DOVISH ELEMENT, WOULD BE LOATH TO BRING THE GOVERNMENT DOWN. SUCH AN ACT WOULD TERMINATE THE LIBERALS' 14-YEAR ALLIANCE WITH MERUT AND RISK HEAVY ELECTION LOSSES AND POSSIBLY FATE TO THE POLITICAL PRINCE. THE LINE ARE ARE DEEPLY CONCERNED ABOUT THE NEGATIVE IMPACT OF SHARON'S SETTLEMENT SHERMANICANS ON US PUBLIC OPINION. **875821** HAVE LITTLE INFLUENCE WITH BEGIN ON THIS ISSUE.

5 THE ULTRA-ORTHODOX AGUDAT YISRAEL IS IN THE MAIN A

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DOVISH PARTY, BUT IT REDEEMS THE POLITICAL I.O.U.S. THAT
IT HOLDS FOR CONCESSIONS ON RELIGIOUS ISSUES OF
PASA DONT IMMEDIATELY TO IT.

10. FOR THE ABOVE REASONS, THE BEHAVIOR OF THE BEGIN
GOVERNMENT ON THE SETTLEMENT ISSUE IS UNLIKELY TO CHANGE
IN THE FORESEEABLE FUTURE. ONLY A LABOR PARTY DECISION
TO ESTABLISH A NATIONAL UNITY GOVERNMENT WITH THE LIKUD
COULD FREE BEGIN FROM THE CONSTRAINTS THAT THE NRP
CONTINUES TO IMPOSE. IN THE ABSENCE OF SUCH A DECISION,
THE BEGIN ADMINISTRATION'S SETTLEMENT POLICY WILL CONTINUE
TO BE GOVERNED BY THE LIMITS IMPOSED LARGELY BY THE NRP.

11. (U) EGYPT-ISRAEL: BUTRUS GHALI TOLD A FRENCH PRESS
GROUP ON OCTOBER 11 THAT, EVEN IF NEGOTIATIONS ON
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PALESTINIAN AUTONOMY FAIL, HE DOES NOT BELIEVE THAT THERE
WILL BE FURTHER HOSTILITIES BETWEEN EGYPT AND ISRAEL. HE
SAID THAT THE TREATY WILL BE HONORED, AND "ON FEBRUARY 25,
THERE WILL BE AN EGYPTIAN AMBASSADOR IN TEL AVIV." THE
CAIRO PRESS FEATURED HIGHLIGHTS OF HIS SPEECH WHICH
INCLUDED DEMANDS ON ISRAEL TO

- (A) HALT SETTLEMENT ACTIVITIES IN OCCUPIED
TERRITORIES;
- (B) PROHIBIT JEWISH PURCHASE OF ARAB LAND;
- (C) GRANT GENERAL AMNESTY TO POLITICAL DETAINEES; AND
- (D) TRANSFER ISRAELI MILITARY OUT OF ARAB CITIES.

10. (C) SADAT-MARTIAL LAW: EMBASSY CAIRO REPORTS THAT
THE LOCAL PRESS OCTOBER 11 WAS DOMINATED BY REPORTS OF
SADAT'S SPEECHES TO THE JUDICIARY IN WHICH HE PLEDGED
TO ABOLISH MARTIAL LAW AS SOON AS ISRAEL HAS WITHDRAWN
FROM SINAI; HE MAINTAINED, HOWEVER, THAT MARTIAL LAW HAD
IN FACT NEVER BEEN APPLIED. SADAT ALSO OUTLINED HIS PLANS
TO REINVIGORATE THE ROLE OF SOCIALIST PROSECUTOR TO DEAL
WITH THOSE WHO ARE "EXPLOITING DEMOCRACY."

THE EMBASSY COMMENTS THAT THE ABOLITION OF MARTIAL LAW
HAS BEEN REPEATEDLY DEMANDED BY SADAT'S CRITICS AND
OTHERS SINCE THE SIGNING OF THE PEACE TREATY. IN HIS
COMMENTS SADAT HAS DELAYED THE ABOLITION FOR ANOTHER TWO
YEARS. MORE DISQUIETING TO THE EMBASSY IS SADAT'S
APPARENT INTENT TO GIVE TEETH TO THE JOB OF SOCIALIST
PROSECUTOR BY PERMITTING HIM TO FUNCTION ENTIRELY OUTSIDE
THE NORMAL JUDICIAL STRUCTURE, WITH POLITICAL CASES
TRIED BEFORE SPECIAL COURTS AND APPEALS REFERRED TO A
PARLIAMENT IN WHICH SADAT'S PARTY ENJOYS A MASSIVE

MAJORITY.

13. (C) NEW ISRAELI PARTY: EMBASSY TEL AVIV HAS LEARNED THAT THE OBJECTIVES OF THE NEW FAR-RIGHT TEHIYA PARTY WILL INCLUDE A HALT IN THE ISRAELI WITHDRAWAL FROM SINAI; ABANDONMENT OF AUTONOMY; IMMEDIATE ANNEXATION OF THE WEST BANK, THE GOLAN HEIGHTS, AND THE GAZA STRIP; A REVISION OF THE ISRAELI-EGYPTIAN PEACE TREATY. POLLS INDICATE THAT TEHIYA CAN EXPECT TO WIN 4 TO 5 KNESSET SEATS IN A GENERAL ELECTION.

14. (U) BOMB EXPLODES NEAR JERUSALEM: REUTER REPORTS THAT A TIME BOMB EXPLODED EARLY OCTOBER 12 IN A WOODED AREA NEAR UN HEADQUARTERS IN JERUSALEM BUT CAUSED NO CASUALTIES OR DAMAGE. ISRAELI POLICE SAID THAT THE BOMB APPEARED TO HAVE BEEN SET BY ARAB GUERRILLAS.

15. (U) WEST BANK SETTLEMENTS EXPANSION: RADIO JERUSALEM REPORTED OCTOBER 13 THAT THE ISRAELI CABINET VOTED TO EXPAND SEVEN SETTLEMENTS IN THE WEST BANK. THE LAND TO BE USED FOR THE EXPANSION WILL INCLUDE GOVERNMENT LAND AND "LANDS WHOSE REGISTRATION HAS NOT YET BEEN FINALIZED IN THE LAND REGISTER," ALTHOUGH THE CABINET REJECTED DEMANDS BY SETTLERS TO SEIZE PRIVATE ARAB PROPERTY.

16. (U) SINAI WITHDRAWAL: ACCORDING TO RADIO CAIRO, ON OCTOBER 13 THE EGYPTIAN CABINET APPROVED THE AGREEMENT ON THE TASKS OF THE UNKF DURING THE ISRAELI WITHDRAWAL FROM SINAI.

17. (U) SHARON TO VISIT EGYPT: EMBASSY CAIRO HAS BEEN INFORMED BY EGYPTIAN MINISTER OF AGRICULTURE MAHMOUD DAWOOD THAT ISRAELI MINISTER OF AGRICULTURE SHARON HAS ACCEPTED HIS INVITATION TO VISIT EGYPT AND WILL ARRIVE ON OCTOBER 16. THE TWO MINISTERS WILL DISCUSS COOPERATION IN LAND RECLAMATION AND SETTLEMENT.

18. (U) ARAB SUMMIT CONFERENCE: REUTER REPORTS THAT JORDANIAN PREMIER AL-HUSS ANNOUNCED OCTOBER 11 THAT AN ARAB SUMMIT CONFERENCE DEALING PRIMARILY WITH SOUTHERN YEMEN WILL BE HELD IN TUNIS ON NOVEMBER 20. AL HUSS SAID THE AGREEMENT WAS REACHED THROUGH SAUDI CONTACTS WITH TUNISIAN LEADERS. ALL ARAB LEAGUE COUNTRIES EXCEPT EGYPT ARE EXPECTED TO ATTEND.

19. (U) JORDANIAN PRESS REACTION: THE WEEKEND EDITION OF AL-JAZIRAH PRAISED BRITISH MINISTER HURD'S CONDEMNATION OF ISRAEL'S SETTLEMENT POLICY DURING HIS MEETING WITH

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PRINCE HASSAN. AR-RAY HEADLINED THE NEW PEACE
PROPOSALS SUGGESTED BY LORD CARADON WHICH INCLUDE:

(A) DIVIDING JERUSALEM INTO TWO PARTS, ONE RULED
BY THE ARABS THE OTHER BY THE ISRAELIS;

(B) APPOINTING A UN BORDER COMMITTEE; AND

(C) AMENDING THE 1967 BORDERS.

29. (U) EC-PLO: RADIO BRUSSELS REPORTS THAT A
SPOKESMAN FOR THE EC COMMISSION HAS DENIED ANNOUNCEMENTS
THAT COMMUNITY REPRESENTATIVES WILL MEET WITH FARUQ
QADDUMI DURING HIS STAY IN BRUSSELS.

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S E C R E T FINAL SECTION OF 03 STATE 269260/03

(C) BUT EMBASSY BRUSSELS COMMENTS THAT THE RECENT
SPEECH OF EC PRESIDENT O'KENNEDY DOES INDICATE THAT THE
COMMUNITY IS SLOWLY MOVING TOWARD RECOGNITION OF THE
PLO.

21. (C) PRC-CAMP DAVID ACCORDS: CHINA "REJECTS" THE
CAMP DAVID ACCORDS BECAUSE THEY DO NOT PROVIDE FOR A
COMPREHENSIVE PEACE SETTLEMENT, ACCORDING TO THE CHINESE
AMBASSADOR IN KUWAIT. THE STATEMENT, QUOTED BY THE
KUWAITI NEWS SERVICE, IS SURPRISING AS BEIJING HAS UNTIL
NOW PROVIDED TACIT SUPPORT FOR CAMP DAVID, ALTHOUGH
CRITICIZING THE ACCORDS AS INCOMPLETE. IF THIS FARSHER
CHINESE STATEMENT IS NOT A MISQUOTE, IT COULD BE ONE
MORE REFLECTION OF A RECENT, MORE PESSIMISTIC CHINESE
VIEW REGARDING THE SUCCESS POTENTIAL OF THE US-INSPIRED
PEACE EFFORT.

THE AMBASSADOR REFUSED, HOWEVER, TO BACK DOWN ON STRONG
CHINESE SUPPORT FOR CAIRO. THERE IS NO LINK, HE SAID,
BETWEEN THE PALESTINE QUESTION AND CHINESE ARMS SUPPLY
TO EGYPT WHICH TAKES PLACE ON A COMMERCIAL BASIS.
THIS APPEARS TO BE THE FIRST PUBLIC CHINESE ADMISSION
THAT THE PRC IS SELLING ARMS TO EGYPT. BEIJING WAS
EMBARRASSED BY, AND REFUSED TO CONFIRM, JUNE PRESS
REPORTS OF ITS ARMS DEALS WITH CAIRO.

22. (LOU) PLO-CEASEFIRE: EMBASSY BEIRUT REPORTS THAT
THE PLO IS TRYING TO CLARIFY ITS POSITION IN THE WAKE OF
CONFUSION OVER THE PLO'S POSITION FOLLOWING REV. JESSE
JACKSON'S VISIT TO LEBANON. A LEBANESE NEWSPAPER SAID
THIS WEEK THAT A NEW PLO DIRECTIVE STATES THAT THE PLO'S
RECENT "UNILATERAL" CEASEFIRE IN SOUTHERN LEBANON IS
"MERELY A REAFFIRMATION OF AN ALREADY EXISTING SITUATION."
THE DIRECTIVE ALSO SAID THAT THE JACKSON VISIT DID NOT
CHANGE THE PLO'S BASIC STRATEGY OF CONTINUING THE ARMED

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STRUGGLE "UNTIL PALESTINIAN RIGHTS HAD BEEN REESTABLISHED.

23. (U) FAUNTROY-ARAFAT: REP. FAUNTROY HAS WITHDRAWN HIS INVITATION TO ARAFAT TO VISIT THE US. AP REPORTS THAT FAUNTROY SAID HE WITHDREW THE INVITATION BECAUSE THE PLO HAD REJECTED THE PEACE PLAN PROPOSED BY LEADERS OF THE SCLC.

24. (U) PLO-IRAN: REUTER REPORTS THAT A SENIOR MEMBER OF FATAH INVITED ABOLHASSAN BANI SADR A LEADING MEMBER OF IRAN'S REVOLUTIONARY COUNCIL TO VISIT SOUTH LEBANON, ACCORDING TO PALESTINIAN SOURCES. BANI SADR SAID HE WAS RESPONSIBLE FOR ASSESSING THE NEED FOR IRANIAN ASSISTANCE TO THE PALESTINIAN REVOLUTION.

25. (C) IRAQ-PERY: US INTERESTS SECTION, BAGHDAD, REPORTS THAT IRAQ AND PERY HAVE SUCCESSFULLY NEGOTIATED THE REOPENING OF THEIR DIPLOMATIC MISSIONS IN BAGHDAD AND ADEN, FOLLOWING THE RELEASE OF PRISONERS TAKEN IN LAST JUNE'S CONFLICTS OVER THE MURDER OF AN IRAQI PROFESSOR IN ADEN. ACCORDING TO A IAR DIPLOMAT, THE AGREEMENT TO NORMALIZE RELATIONS WAS PREDICATED ON THE ASSIGNMENT OF COMPLETELY NEW STAFFS TO BOTH MISSIONS.

26. (S) ISRAELI AIR FORCE: OUR DEFENSE ATTACHE IN TEL AVIV BELIEVES THAT THE ISRAELI AIR FORCE MAY BEGIN FLYING THEIR F-15S IN COMBAT AIR PATROLS OFF THE COAST AND ESCORTING RECONNAISSANCE FLIGHTS WITH OTHER FIGHTERS. THIS ACTION MAY BE CAUSED BY THEIR FEAR OF LOSING F-15S AND THEIR DESIRE TO GIVE F-4, MIRAGE, AND EFIR PILOTS AN OPPORTUNITY TO PARTICIPATE IN A DOGFIGHT, THE DEFENSE ATTACHE COMMENTS.

27. (C) SYRIAN TROOP ROTATION: WESTERN MILITARY OFFICERS REPORT THAT THE SYRIAN 7TH MECHANIZED INFANTRY DIVISION IS REPLACING 5TH DIVISION UNITS IN LEBANON, INDICATING THAT A COMPLETE DIVISIONAL ROTATION IS UNDERWAY. ACCORDING TO DEFENSE ATTACHE DAMASCUS, THIS IS A NORMAL ROTATION.

28. (LOU) PHALANGIST HOSTAGES: EMBASSY BEIRUT REPORTS THAT ACCORDING TO SOURCES IN THE LEBANESE ARMY SEVERAL HOSTAGES ARE STILL BEING HELD BY FRANKISH'S FORCES DESPITE HIS RELEASE OF 160 PRISONERS LAST WEEK IN RESPONSE TO THE POPL'S REQUEST. THESE SOURCES AND THE LEBANESE PRESS ALSO INDICATE THAT PHALANGISTS ARE STILL HOLDING 25 HOSTAGES AND ARE DEMANDING CERTAIN CONDITIONS FOR THEIR RELEASE, INCLUDING:

(A) RETURN OF PRO-PHALANGIST INHABITANTS TO THEIR HOMES IN NORTHERN LEBANON;

(B) RELEASE OF PHALANGISTS ARRESTED BY SYRIA AFTER THE KILLING OF FRANJIH'S RELATIVES; AND

(C) REPLACEMENT OF SYRIAN MILITARY WITH LEBANESE MILITARY IN THE NORTH. VANCE

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SECRET SECTION 01 OF 03 STATE 270491/01

E.O. 12065 GDS 10/16/85 (MONTVILLE, JOSEPH V.)

TAGS: EG, IS, PINK

SUBJECT: INTSUM 917 - OCTOBER 16, 1979

LONDON FOR GLASPIE

PARIS FOR NICHOLAS MURPHY

DOL/ISA FOR RANSOM

OTHER ADDRESSEES FOR CHIEFS OF MISSION

(PARAGRAPHS 1-8 CONFIDENTIAL)

1. ISRAEL: STATE OF THE LABOR PARTY: IN THE MONTHS SINCE THE LABOR PARTY SUFFERED ITS SHATTERING DEFEAT IN THE LAST GENERAL ELECTION (MAY 1977), ITS STANDING IN THE PUBLIC OPINION POLLS HAS BEEN RISING. THE MOST RECENT POLLS SHOW IT AHEAD OF LIKUD BY A SUBSTANTIAL MARGIN. UNLESS BEGIN IS ABLE TO REVERSE THIS TREND, LABOR WILL PROBABLY WIN THE NEXT ELECTION AND ONCE AGAIN BECOME THE CENTER OF A COALITION GOVERNMENT.

2. LABOR'S GAIN IN PUBLIC ESTEEM IS DUE LESS TO THE GROWTH OF ITS APPEAL THAN TO THE POOR PERFORMANCE OF THE LIKUD-LED GOVERNMENT AND LIKUD'S COALITION PARTNER, YADIN'S DEMOCRATIC MOVEMENT. INDEED, RECENT POLLS INDICATE THAT BOTH COMPONENTS OF YADIN'S ORIGINAL DEMOCRATIC MOVEMENT FOR CHANGE (DMC) WILL BE VIRTUALLY ANNIHILATED IN THE NEXT ELECTION. THE INEFFECTIVENESS OF YADIN AND THE DEMOCRATIC MOVEMENT HAVE CONVINCED THOSE EX-LABORITES WHO LEFT LABOR FOR THE DMC THAT THE ONLY WAY TO ACHIEVE CHANGE IS BY RETURNING TO AND WORKING THROUGH LABOR.

3. THE BIGGEST PLUS FOR LABOR HAS BEEN THE DISMAL PERFORMANCE OF THE LIKUD-LED GOVERNMENT, ESPECIALLY IN THE ECONOMIC SPHERE, WHERE RUNAWAY INFLATION, SUBSIDY CUTS, AND GENERAL MISMANAGEMENT HAVE DEMORALIZED THE PUBLIC. BEGIN'S GROWING INABILITY TO EXERT STRONG LEADERSHIP OVER CABINET, PARTY, AND COUNTRY HAS BEEN A THOCK TO MANY OF HIS EREWHILE SUPPORTERS. IT WAS A CRAVING FOR DECISIVE LEADERSHIP THAT LED MANY SEPHARDIC ISRAELIS TO SUPPORT BEGIN IN 1977.

4. BEGIN'S HANDLING OF FOREIGN POLICY ISSUES HAS ALSO
ELEVATED WIDESPREAD DISMAY WITHIN ISRAEL.

~~REPELLED BY HIS CONCESSIONS TO SADAT AND BY THE AUTONOMY
PLAN.~~

(B) LOVES REMAIN REPELLED BY HIS APOCALYPTIC STYLE AND
BY THE WEST BANK SETTLEMENT PROGRAM THAT THEY BELIEVE
ENDANGERS THE PEACE AGREEMENT WITH EGYPT AND DECLUDES
RELATIONS WITH THE US.

(C) POLITICALLY SOPHISTICATED CIRCLES ARE CONCERNED
THAT BEGIN'S POSTURING IS DAMAGING ISRAEL'S STANDING
IN US PUBLIC OPINION.

5. WHILE THE GOVERNMENT IS THUS BESET BY MANY PROBLEMS,
LABOR IS RIVEN BY PERSONAL, FACTIONAL, AND IDEOLOGICAL
DIFFERENCES. MANY PARTY MEMBERS STRONGLY MISTRUST PARTY
CHAIRMAN PERES. HIS LEADERSHIP HAS NOT BEEN PARTICULARLY
IMPRESSIVE OVER THE PAST TWO YEARS. NEVERTHELESS, HE
WILL PROBABLY CONTINUE TO LEAD THE PARTY AND BE ITS
CANDIDATE FOR PRIME MINISTER IN THE NEXT ELECTIONS. AT
THE SAME TIME, PERES FACES CONTINUOUS PRESSURE FROM HIS
ENEMIES. AMONG THESE, FORMER PRIME MINISTER RABIN IS THE
MOST EMBITTERED AND VENGEFUL. HE HAS RECENTLY PUBLISHED

HIS MEMOIRS, IN WHICH HE DESCRIBES PERES AS AN INVETERATE
SCHEMER WHO IS UNFIT TO BE PRIME MINISTER. RABIN, WHO
BELIEVES THAT PERES UNDERMINED HIM AT EVERY TURN DURING
HIS GOVERNMENT, GIVES THE IMPRESSION OF BEING A MAN WHO
WOULD DESTROY PERES EVEN AT THE COST OF DESTROYING LABOR
IN THE PROCESS. RABIN CAN HURT PERES, BUT IT IS UNLIKELY
THAT THE FORMER COULD BECOME PRIME MINISTER AGAIN.

6. YIGAL ALLON, ONCE FOREIGN MINISTER AND LONGTIME
ADVERSARY OF PERES, REFUSES TO COUNT HIMSELF OUT OF A
POSSIBLE CONTEST WITH PERES. ALLON IS UNTAINTED BY
SCANDAL, BUT HE IS ANOTHER OLD FACE WHOM INCREASINGLY
PRAGMATIC LABOR POLITICIANS WOULD BE DISINCLINED TO
ACCEPT AS LEADER.

7. MANEUVERING FOR POSITION AND POWER ALSO CONTINUE ON
A LOWER LEVEL IN THE LABOR PARTY. RELATIVELY YOUTHFUL
LEADERS OF THE RECENTLY MERGED KIBBUTZ FEDERATIONS AND
OF SOME BRANCH ORGANIZATIONS ARE SEEKING TO INCREASE
THEIR OWN POWER AND RID LABOR OF ITS WORN-OUT IMAGE BY
REPLACING MANY OF THE OLDER SECONDARY LEADERS OF THE
PARTY.

8. FOR THE NEAR TO INTERMEDIATE TERM, LABOR WILL CONTINUE
TO ATTACK BEGIN FOR MISMANAGEMENT OF THE ECONOMY, DISARRAY
IN THE CABINET, AND ERRORS IN FOREIGN AND SETTLEMENT
POLICIES. HE IS VULNERABLE ON THE FIRST TWO ISSUES, WHICH
ARE RISKLESS FOR LABOR. AT THE SAME TIME, LABOR WILL
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S E C R E T SECTION 02 OF 03 STATE 270491/02

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RETAIN ITS CONTACTS WITH THE NATIONAL RELIGIOUS PARTY SO THAT THE "HISTORIC PARTNERSHIP" BETWEEN THE TWO CAN BE RESUMED AFTER THE NEXT ELECTION--PROVIDING THAT THEY CAN REACH AGREEMENT ON THE WEST BANK ISSUE.

9. (U) WEST BANK SETTLEMENTS: ON OCTOBER 15 ISRAELI TROOPS BEGAN EVICTING GUSH EMUNIM SETTLERS FROM THE 31 TEMPORARY CAMPS THAT THEY HAD SET UP OVERNIGHT IN REACTION TO THE CABINET DECISION ON WEST BANK SETTLEMENTS. GUSH EMUNIM CONTINUES TO DEMAND THAT ISRAEL SEIZE ARAB-OWNED LAND FOR JEWISH SETTLEMENTS.

THE WEST BANK PRESS CLAIMED THAT THE GOVERNMENT DECISION TO USE ONLY "STATE LANDS" WAS MERELY A PLAY ON WORDS, ADDING "THE VERY ACT OF SETTLEMENT IS ILLEGAL." IN A RELATED INTERVIEW, DEPUTY PRIME MINISTER YADIN STATED, "IN THE FUTURE AS IN THE PAST, WE, THE DEMOCRATS, WILL BE OPPOSED TO ANY SETTLEMENTS WHOSE ESTABLISHMENT IS NOT FOR SECURITY REASONS."

10. (U) JORDAN PRESS: RADIO AMMAN SAID THAT THE ISRAELI DECISION TO EXPAND SETTLEMENTS ON THE WEST BANK "HAS DEMONSTRATED TO THE WORLD THAT A STRONGER ISRAEL MEANS THAT ITS AGGRESSIVE AND EXPANSIONIST INTENTIONS ARE INTENSIFIED." THE OCTOBER 14 PRESS HIGHLIGHTED THE DEPARTURE OF THE JORDANIAN-PLO DELEGATION ON A FUND-RAISING TOUR OF LIDYA, ALGERIA, TUNISIA, AND MOROCCO.

11. (U) EGYPT ON ISRAELI SETTLEMENTS: RADIO CAIRO DECLARED OCTOBER 15 THAT THE ESTABLISHMENT OF NEW SETTLEMENTS OCCUPIED ARAB TERRITORIES BY ISRAEL CONTRADICTS THE CAMP DAVID AGREEMENT IN WHICH ISRAEL "WAS FORCED TO RECOGNIZE" THE "LEGITIMATE RIGHTS" OF THE PALESTINIANS.

12. (S) ISRAELI AID REQUEST FOR FY-81: EMBASSY TEL AVIV REPORTS THAT ISRAEL WILL HAVE A HUGE BALANCE OF PAYMENTS DEFICIT IN FY-81 IF IT PURSUES ECONOMIC POLICIES THAT IT NOW HAS IN MIND. ISRAEL'S FY-81 AID REQUEST ASKS THAT US ASSISTANCE BE INCREASED FAR BEYOND PRESENT LEVELS SO THAT ISRAEL WILL NOT HAVE TO TAKE VERY SEVERE AUSTERITY MEASURES.

~~13. (U) BLACK CIVIL RIGHTS DELEGATION VISITS ISRAEL~~
ISRAELI MEDIA ON OCTOBER 13 FOCUSED ON THE VISIT OF A DELEGATION OF BLACK US CIVIL RIGHTS AND LABOR LEADERS. PRAISE WAS GENERAL FOR THE DELEGATION'S SUPPORT FOR ISRAEL AND ITS CONDEMNATION OF THE PLO. ON OCTOBER 13, ACCORDING TO AP, BAYARD RUSTIN, PRESIDENT OF THE PHILIP RANDOLPH INSTITUTE AND A MEMBER OF THE DELEGATION, STATED THAT THOSE WHO GIVE THE IMPRESSION THAT THERE IS WIDESPREAD SUPPORT FOR THE PLO IN THE US ARE "DISTURBING THE PEACE PROCESS."

14. (U) EGYPT-SINAI OIL: EMBASSY CAIRO REPORTS THAT THE EGYPTIAN PRESS ON OCTOBER 14 SAID THAT EGYPT WILL NOT SELL OIL ON A GOVERNMENT-TO-GOVERNMENT BASIS TO ISRAEL, BUT ONLY TO PRIVATE COMPANIES AT THE FREE MARKET RATE.

15. (U) ASSAD'S VISIT TO MOSCOW: RADIO DAMASCUS REPORTS THAT ONE OF THE "MOST IMPORTANT" TOPICS FOR DISCUSSION DURING ASSAD'S VISIT TO MOSCOW, WHICH BEGAN OCTOBER 13 WILL CONCERN THE INTERNAL SITUATION IN SYRIA AT THIS TIME. ASSAD WILL EVIDENTLY ASK FOR INCREASED SOVIET ECONOMIC AND DEVELOPMENT ASSISTANCE WHICH IS NEEDED TO BUILD "A SOLID SYRIAN ECONOMIC BASE." RADIO TOKYO REPORTED OCTOBER 13 THAT BREZHNEV WILL BE UNABLE TO MEET WITH ASSAD FOR REASONS OF HEALTH.

16. (C) ARAB LEAGUE: THE CAIRO BRANCH OF THE ARAB LEAGUE HAS ANNOUNCED AN UPCOMING SERIES OF ARAB LEAGUE SPONSORED SEMINARS. SECRETARY GENERAL MOHAMMED RIAD TOLD EMBASSY CAIRO THAT HE SAW THE SEMINAR SERIES PRINCIPALLY AS A "HOLDING ACTION" TO KEEP THE CAIRO LEAGUE OFFICE ALIVE PENDING RECONCILIATION OF ARAB DIFFERENCES AND REUNIFICATION OF THE LEAGUE.

17. (C) RUMORS OF YEMENI-EGYPTIAN RECONCILIATION: ON OCTOBER 13 AN EGYPTIAN NEWSPAPER REPORTED THAT ONE OF THE ARAB COUNTRIES WHICH WAS A PARTY TO THE BAGHDAD SUMMIT RESOLUTIONS AGAINST EGYPT HAS RECONSIDERED ITS POSITION AND IS SEEKING TO RESTORE RELATIONS WITH EGYPT. AN EXPERIENCED GREEK DIPLOMAT INFORMED EMBASSY CAIRO THAT THE COUNTRY IN QUESTION IS THE YAR, BUT NO CONFIRMATION OF THIS HAS BEEN RECEIVED.

18. (U) KUWAITI OIL PRODUCTION: THE NEWSPAPER AL-WATAN ANNOUNCED ON OCTOBER 14 THAT KUWAIT PLANS TO CUT ITS OIL PRODUCTION OF 2.2 MILLION BARRELS DAILY BY A QUARTER. NO DATE FOR THE CUT HAS BEEN ANNOUNCED.

19. (U) THE PLO AND OIL: REUTER REPORTED ON OCTOBER 14 THAT FAROUK QADDOUMI, HEAD OF THE PLO'S POLITICAL DEPARTMENT, HAS CALLED UPON THE ARAB STATES TO USE THE "OIL WEAPON" TO INFLUENCE NEXT YEAR'S PRESIDENTIAL ELECTIONS IN THE US.

20. (C) IRAN-PLO: EMBASSY TEHRAN REPORTS THAT IRANIA FOREIGN MINISTER YAZDI ANNOUNCED ON OCTOBER 10 THAT THE

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PLO WOULD NOT BE PERMITTED TO OPERATE AN OFFICE IN AHMAZ KHUZESTAN. THAT SAME DAY, THE COMMANDER OF IRAN'S REVOLUTIONARY GUARD, ABOU SHARIF, AND THE MILITANT ISLAMIC GROUP, MOJAHEDDEEN, VOICED THEIR DISSATISFACTION WITH IRANIAN POLICY TOWARD THE PLO. ON OCTOBER 12 A PLO DELEGATION LED BY FATAH MILITARY COMMANDER AL-WAZIR ARRIVED IN TEHRAN TO MEET WITH THE MINISTERS OF DEFENSE

AND FOREIGN AFFAIRS AND, REPORTEDLY, WITH KHOMEINI. EMBASSY TEHRAN DOES NOT FEEL, HOWEVER, THAT THE VISIT OF THE PLO DELEGATION WILL RESULT IN A CHANGE IN IRAN'S BASIC POLICY TOWARD THE PLO.

21. (U) HADDAD-SARKIS: ON OCTOBER 13 THE VOICE OF LEBANON BROADCAST A STATEMENT BY MAJOR HADDAD ANNOUNCING HIS DECISION TO CEASE PROPAGANDA AGAINST PRESIDENT SARKIS AND THE LEBANESE GOVERNMENT. HADDAD FEELS THAT THE LEBANESE GOVERNMENT IS COOPERATING WITH THE US TO REMOVE SYRIAN AND PALESTINIAN ELEMENTS FROM LEBANON. HE ALSO BELIEVES THAT LEBANON WILL BE "THE SECOND COUNTRY TO SIGN THE PEACE TREATY WITH ISRAEL." VANCE

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SECRET SECTION 21 OF 02 STATE 272995/01

E.O. 12065 GDS 12/18/85 (MONTVILLE, JOSEPH V.)

TAGS: EG, IS, PINR

SUBJECT: INTSUM 919 - OCTOBER 18, 1979

LONDON FOR GLASPIE

PARIS FOR NICHOLAS MURPHY

DOD/ISA FOR RANSOM

OTHER ADDRESSEES FOR CHIEFS OF MISSION

WARNING NOTICE SENSITIVE SOURCES AND METHODS INVOLVED
NOT RELEASABLE TO FOREIGN NATIONALS
(PARAGRAPHS 1-7 CONFIDENTIAL)

1. ARAFAT'S WEST BANK VETO: A COMBINATION OF ADROIT DIPLOMACY, ISRAELI SETTLEMENT POLICIES, AND ARAB PESSIMISM OVER THE AUTONOMY NEGOTIATIONS HAVE LED TO UNPRECEDENTED SUPPORT FOR THE PLO ON THE WEST BANK. ARAFAT'S NEW RELATIONSHIP WITH HUSSEIN IS PERMITTING HIM TO PURSUE HIS WEST BANK POLICIES WITHOUT FEAR OF CHALLENGE BY THE KING.

2. ARAB WEST BANK NEWSPAPERS REFLECT THE POPULAR FEELING THAT THE ISRAELI GOVERNMENT'S CLAIMS OF FIGHTING AGAINST ILLEGAL SETTLEMENTS HAVE BECOME VOID: "THE GUSH-EMONIM AND THE GOVERNMENT ARE TWO ASPECTS OF THE SAME SETTLEMENT POLICY." MOREOVER, WEST BANKERS ARGUE THAT THE VERY ACT OF SETTLEMENT IS ILLEGAL NO MATTER WHETHER THE LANDS ARE PRIVATE OR CLAIMED AS "STATE" LANDS.

3. THESE ANXIETIES AND PRESSURES HAVE MADE EVEN NOTABLES WHO HARBOR GRAVE DOUBTS ABOUT THE PLO RALLY TO SHOW SOLIDARITY WITH THAT ORGANIZATION:

(A) **4** BETHLEHEM MAYOR FREIJ NOW SAYS THAT HE WILL OPPOSE ANY AUTONOMY AGREEMENT AND THAT NO CREDIBLE

PALESTINIANS WILL PARTICIPATE. FREIJ TOLD CONGEN JERUSALEM OFFICERS THAT HE WOULD WORK "WITH THE LAST DROP OF MY BLOOD" TO THWART ANY ELECTION THAT MIGHT BE HELD IN HIS DISTRICT.

(B) MAYOR SHAWWA OF GAZA CONTINUES TO CLAIM THAT HE WILL NOT PARTICIPATE FOR ANYTHING LESS THAN AN END TO SETTLEMENTS AND A FORMULA LEADING TO PALESTINIAN SELF-DETERMINATION. (THE MAYOR CONCEDES, HOWEVER, THAT ISRAELI AUTHORITIES COULD IMPOSE A SEAM AUTONOMY ON GAZA SIMPLY BY WITHDRAWING THE MILITARY GOVERNMENT.)

(C) THE VENERABLE EIKMAT AL-MASRI OF NABLUS AND HIS CLAN ALSO ARE VERY PESSIMISTIC THAT ANY AUTONOMY FORMULA THAT THEY COULD SUPPORT WILL BE ACHIEVED.

(D) AZIZ SHIHADIH SAID THAT HE AND OTHER PALESTINIAN MODERATES WILL NOT ATTEND THE ISRAELI-DOVE SPONSORED "NEW OUTLOOK" CONFERENCE IN WASHINGTON THIS MONTH BECAUSE THE PLO HAS ADVISED AGAINST IT.

4. EVEN IF THESE STATEMENTS ARE TO SOME EXTENT POSTURING, IT IS SIGNIFICANT THAT THESE MEN INCREASINGLY WANT TO BE SEEN PUBLICLY ALLYING THEMSELVES WITH THE MODERATE WING OF THE PLO. THEIR STATEMENTS INDICATE THAT THEY PERCEIVE THE PEOPLE UPON WHOM THEY DEPEND FOR POLITICAL SUPPORT AS INCREASINGLY BEHIND THE PLO. MOST WEST BANKERS AGREE THAT IF THE ISRAELI AUTHORITIES PERMIT MUNICIPAL ELECTIONS TO BE HELD NEXT SPRING ALL CANDIDATES FROM CONSERVATIVES TO COMMUNISTS WILL WRAP THEMSELVES IN THE MANTLE OF THE PLO.

5. HOWEVER, ARAFAT CANNOT MERELY DICTATE TO THE MANY VARIED PERSONALITIES OF THE WEST BANK. THE RELATIONSHIP IS ONE OF GIVE AND TAKE, WITH A CONSTANT EXCHANGE OF VIEWS. ARAFAT DOES NOT WANT TO LOSE THE WEST BANK SUPPORT HE HAS SO PAINSTAKINGLY WON. HE WOULD HAVE TO GIVE SERIOUS CONSIDERATION TO ANY CONSENSUS VIEW TOWARD AUTONOMY THAT EMERGED AMONG THE WEST BANKERS. HOWEVER, IN THE ABSENCE OF MAJOR ISRAELI CONCESSIONS IT IS UNLIKELY THAT HE WILL FEEL OBLIGED TO PERMIT COOPERATION WITH THE AUTONOMY PROCESS.

6. IN THE FINAL ANALYSIS, ARAFAT WILL PROBABLY BE THE ONE TO DECIDE THE NATURE OF THE WEST BANK RESPONSE TO ANY AUTONOMY AGREEMENT THAT IS EVENTUALLY NEGOTIATED. IT INCREASINGLY APPEARS THAT IF HE CHOOSES ARAFAT OR OTHER WEST BANK REPRESENTATIVE CANDIDATES FROM EMERGING AND PALESTINIANS FROM VOTING. HE WOULD HAVE THE APPROVAL OF SYRIA, IRAQ,

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AND PROBABLY JORDAN AND SAUDI ARABIA AS WELL, FOR SUCH A MOVE.

7. ON THE OTHER HAND, BY ALLOWING ELECTIONS TO OCCUR ARAFAT CAN ALMOST CERTAINLY BE ASSURED OF CONTROLLING THE SELF-GOVERNING AUTHORITY; HE COULD THEN USE IT TO EMBARRASS THE ISRAELIS AND PERHAPS CAUSE THE AGREEMENT TO COLLAPSE. WHATEVER PATH HE CHOOSES, IT WILL LIKELY CONFIRM THE PLO'S CONSIDERABLE STRENGTH ON THE WEST BANK.

B. (U) AUTONOMY TALKS: ACCORDING TO EMBASSY CAIRO, PRIME MINISTER KHALIL SAID OCTOBER 17 THAT EGYPT IS HOLDING FIRM TO ITS POSITION THAT ARAB JERUSALEM MUST BE BT

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S E C R E T FINAL SECTION OF 22 STATE 272995/02

PART OF THE REGION ENJOYING AUTONOMY. HE ALSO SAID THAT PALESTINIANS MUST BE ABLE TO FORM PARTIES BEFORE ELECTIONS ARE HELD AND ELECTIONS MUST BE HELD UNDER INTERNATIONAL SUPERVISION.

9. (U) AGUDAT YISRAEL THREATENS TO LEAVE COALITION: ACCORDING TO A RADIO TEL AVIV BROADCAST, THE AGUDAT YISRAEL FACTION THREATENED OCTOBER 17 TO LEAVE BEGIN'S RULING COALITION IF THE COALITION AGREEMENT ON BANNING ABORTIONS IS NOT KEPT. MEMBERS OF THE COALITION FEEL, HOWEVER, THAT AGUDAT YISRAEL WILL NOT CARRY OUT ITS THREAT.

10. (U) CAIRO REACTION TO SETTLEMENTS: THE EGYPTIAN PRESS HIGHLIGHTED KHALIL'S INTERVIEW WITH YEDYOT AHARONOT IN WHICH HE SAID THAT ISRAEL'S DECISION TO EXPAND SETTLEMENTS ON THE WEST BANK CONFLICTS WITH BEGIN'S PROMISE TO SADAT AND PRESIDENT CARTER. HE ADDED THAT THE

ISRAELI GOVERNMENT SURPRISES EGYPT EVERY MONTH BY MAKING DECISIONS WHICH "THREATEN THE ATMOSPHERE OF CONFIDENCE AND DETENTE."

11. (U) CABINET DENIES SETTLEMENT PLANS: ON RADIO JERUSALEM OCTOBER 17 CABINET SECRETARY ABYE NA'OR DENIED REPORTS IN THE JERUSALEM POST THAT THE ISRAELI GOVERNMENT PLANS TO ESTABLISH SIX NEW SETTLEMENTS AS DEFENSIVE FOOTHOLDS LINKING THE JORDAN RIFT VALLEY WITH THE COASTAL PLAIN.

12. (U) DAYAN ON THE PALESTINIANS: REUTER REPORTS THAT DAYAN TOLD A GROUP OF US CITIZENS VISITING TEL AVIV THAT EVEN THE MOST EXTREME SYMPATHIZERS OF THE PLO WOULD NOT WANT ANOTHER ARAB-ISRAELI WAR. HE SAID THAT THE INHABITANTS OF THE WEST BANK KNOW THAT ANOTHER WAR WOULD CRUSH THEM BETWEEN THE WARRING SIDES AND TURN THEM INTO REFUGEES.

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13. (C) PURCHASE OF WEST BANK LAND: EMBASSY TEL AVIV REPORTS THAT THE DECISION TO ALLOW THE SALE OF WEST BANK LAND TO ISRAELIS HAS HAD LITTLE EFFECT ON THE VOLUME OF LAND SALES BECAUSE OF THE FOCUS OF PUBLIC ATTENTION ON THE ISSUE. THE EMBASSY NOTES THAT FORMERLY SUCH SALES COULD BE CARRIED OUT IN SECRECY...USUALLY THROUGH ARAB "STRAY MEN".

HOWEVER, CONSULATE GENERAL JERUSALEM IS WITHHOLDING JUDGMENT. IT NOTES THAT PALESTINIANS LIKE LETHLEHEM'S MAYOR FREIJ FEAR THE EFFECTS OF THE DECISION. WE BELIEVE THAT ITS EFFECTS COULD BE PARTICULARLY TROUBLESOME IN CASES OF ABSENTEE OWNERSHIP.

14. (U) YADIN IN HOSPITAL: EMBASSY TEL AVIV REPORTS THAT DEPUTY PRIME MINISTER YADIN HAD SUFFERED A MILD HEART ATTACK ON OCTOBER 16 AND IS NOW IN HADASSAH HOSPITAL IN JERUSALEM. REUTER REPORTED THAT YADIN WAS IN "VERY SATISFACTORY CONDITION."

15. (C) KUWAIT OIL: EMBASSY KUWAIT REPORTS THAT DURING THE AMBASSADOR'S OCTOBER 16 CALL ON THE OIL MINISTER TO PROTEST KUWAIT'S OIL POLICIES, THE MINISTER CONFIRMED PRESS REPORTS THAT KUWAIT WILL CUT ITS PRODUCTION NEXT YEAR. HE ALSO HINTED THAT THERE WILL BE A SECOND PRICE RISE TO AROUND DOLLARS 22.00 A BARREL IN THE NEXT TWO WEEKS.

10

16. (U) SYRIA/USSR ON IRAQ AND PLO: ACCORDING TO A UNTESTED CLANDESTINE SOURCE, SYRIAN FOREIGN MINISTER KHADLAM TOLD GROMYKO LATE IN SEPTEMBER THAT PRESIDENT SADDAM HUSSEIN OF IRAQ WAS TREACHEROUS AND NOT A TRUE ALLY OF THE SOVIET UNION. GROMYKO REPORTEDLY AGREED AND ADDED THAT NEITHER HE NOR MOSCOW TRUSTED SADDAM HUSSEIN. KHADLAM ALSO TOLD GROMYKO THAT SYRIA WAS WORRIED THAT THE PLO WAS TOYING WITH THE IDEA OF OPENING A DIALOGUE WITH THE US.

17. (S/NF) SYRIA AND THE AS-9: A RELIABLE WESTERN EUROPEAN MILITARY OFFICER HAS INFORMED OUR DEFENSE ATTACHE IN DAMASCUS THAT HIS HEADQUARTERS INFORMED HIM ON OCTOBER 17 THAT SYRIA HAD RECEIVED THE AS-9 AIR-TO-SURFACE MISSILE.

16

18. (U) IRAQ-CUBANS: RADIO BAGHDAD BROADCAST STATEMENTS BY PRESIDENT SADDAM HUSSEIN OCTOBER 17 IN WHICH HE DENIED STATEMENTS BY US OFFICIALS ON THE PRESENCE OF CUBAN SOLDIERS IN IRAQ.

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19. (C) PHALANGIST HOSTAGES: EMBASSY BEIRUT REPORTS THAT THE HOSTAGE SITUATION IN NORTH LEBANON REMAINS UNCHANGED. PHALANGE SOURCES SAY THEY DO NOT EXPECT AN EARLY RELEASE OF FRANJIYAH'S FOLLOWERS. AN ATTORNEY REPRESENTING THE MAHONITE LEAGUE IS ATTEMPTING TO MEDIATE THE DISPUTE. VANCE

BT

#2095

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FM HECINCENR VALP: IN GERMANY //ECJ2-W//
TO AIC 094
INFO RUDONBA/CINC 2NAVEUR LONDON ENGLAND
SIXTHFLT
MIDFASTFOR
ZEN/INFO USDAO PRAGUE CZECHOSLOVAKIA
ZEN/INFO USDAO BUDAPEST HUNGARY
ZEN/INFO USDAO BELGRADE YUGOSLAVIA
ZEN/INFO USAO THE HAGUE NETHERLANDS
ZEN/INFO USDAO COPENHAGEN DENMARK
PT

S E C R E T NOFORN

ECJ2-W 20114

~~SUBJ: COUNCIL INTELLIGENCE SUMMARY (CIS) 171-101-107~~

THE 14 OCTOBER EISC CONTAINS FOUR ITEMS.

1. ISRAEL: DAYAN RESIGNATION. (S/NOFORN)
2. ARABIAN PENINSULA: FOREIGN MINISTERS CONFERENCE. (S/NOFORN)
3. OTHER SIGNIFICANT DEVELOPMENTS. (U)
4. INDICATIONS AND WARNING STATUS: NO CHANGE. (U)

PAGE 2 RUSNAAA2742 S E C R E T NOFORN

1. (S/NOFORN - ALL PARAS) ISRAEL: FOREIGN MINISTER DAYAN'S RESIGNATION SUNDAY IS CERTAIN TO DAMAGE THE GOVERNMENT'S ALREADY SACRED CREDIBILITY, AND MAY AFFECT THE LIKED COALITION'S ABILITY TO RETAIN POWER. PRIME MINISTER BEGIN'S MOST PRESSING PROBLEM IS TO REPLACE DAYAN, WITHOUT PROVOKING WIDER DIFFICULTIES WITHIN THE COALITION. HAGGLING HAS ALREADY BEGUN OVER REORDERING CABINET POSTS. THE PRIME MINISTER WILL ATTEMPT TO PRESERVE AN ACCEPTABLE DISTRIBUTION OF CABINET POSTS, AND TO COMPLETE THE PROCESS QUICKLY TO END OFF INTERNAL PARTY FEUDING. IN THE INTERIM, BEGIN WILL HOLD THE FOREIGN MINISTER PORTFOLIO HIMSELF. THERE IS ALREADY CONSIDERABLE PUBLIC OPPOSITION TO THE GOVERNMENT'S DISASTROUS ECONOMIC POLICY WHICH HAS ALLOWED TRIPLE-DIGIT INFLATION. FOR THE LAST TWO MONTHS, IT HAS BEEN RUNNING AT AN ANNUAL RATE OF 150 PERCENT, AND WILL BE OVER 100 PERCENT FOR THE YEAR.

IN RECENT MONTHS, THE GOVERNMENT'S POPULARITY HAS STEADILY DECLINED, IN PUBLIC OPINION POLLS, WHICH HAVE SHOWN A MAJORITY PREFER THE OPPOSITION LABOR PARTY.

PAGE 3 RUSNAAA2742 S E C R E T NOFORN

BEGIN'S PERSONAL STANDING HAS ALSO SUFFERED. ACCORDING TO A POLL TAKEN BEFORE DAYAN'S RESIGNATION, FOR THE FIRST TIME MORE PEOPLE WERE DISSATISFIED WITH BEGIN'S PERFORMANCE, THAN WERE SATISFIED. REFLECTING THIS INCREASING DISSATISFACTION HAS BEEN THE WINNING OF LIAUD'S PARLIAMENTARY MAJORITY FROM 17 TO 5 SEATS. OPPOSITION LABOR PARTY LEADER, SHIMON PERES, PREDICTABLY APPRAISED DAYAN'S RESIGNATION, WHICH WILL UNDERMINE PUBLIC CONFIDENCE IN BEGIN'S LEADERSHIP ON THE PEACE ISSUE. UNTIL NOW, THIS HAS BEEN BEGIN'S GREATEST SOURCE OF STRENGTH. PERES HAS CALLED FOR BEGIN'S RESIGNATION AND WILL RELY TO EXPLOIT PUBLIC CRITICISM.

BEGIN ON THE OTHER HAND, SURVIVED FIVE NO CONFIDENCE MOTIONS IN THE PARLIAMENT YESTERDAY BY A VOTE OF 59 TO 47. ALL MEMBERS OF THE LIAUD COALITION THAT WERE PRESENT VOTED FOR THE GOVERNMENT. THIS VOTE INDICATES THAT BEGIN IS IN NO IMMEDIATE DANGER OF LOSING POWER. (NR KOLFFEN, PM 6284) (SOURCE: USEUCOM J2, VARIOUS) (S'NOFORN - ALL PARAS) ARABIAN PENINSULA: THE FOREIGN MINISTERS OF SAUDI ARABIA, KUWAIT, QATAR, BAHRAIN, UAE AND OMAN

RECENTLY CONCLUDED A CONFERENCE AT TA'IF, SAUDI ARABIA.

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ACKNOWLEDGING THAT A DISCUSSION OF REGIONAL SECURITY FOR THE GULF WOULD BE MEANINGLESS WITHOUT IRAN AND IRAQ, THE SUBJECT WAS NOT APPROACHED, THE CONFEREES PREFERRING TO USE THE MEETING TO ENCOURAGE UNDERSTANDING AND COOPERATION AMONG THEMSELVES.

INTERNAL SECURITY MATTERS WERE ALSO DISCUSSED, INCLUDING ECONOMIC DEVELOPMENT AND THE PROBLEMS OF ARMS SMUGGLING AND THE MOVEMENT OF SUBVERSIVES ACROSS THE BORDERS OF THE SIX STATES.

ONE OF THE MORE INTERESTING THINGS TO EMERGE FROM THE MEETING WAS A REPORT PRESENTED BY THE KUWAITI FOREIGN MINISTER THAT THE SOUTH YEMENI GOVERNMENT HAD APPROACHED THE KUWAITIS IN LAVANA,

RE THEY ASKED FOR KUWAITI ASSISTANCE IN SPONSORING A CONFERENCE AIMED AT IMPROVING RELATIONS BETWEEN SOUTH YEMEN AND OMAN. THE SOUTH YEMENIS HAD NOT ESTABLISHED ANY SPECIFIC CONDITIONS FOR SUCH A MEETING, BUT HAD SUGGESTED THAT IT WOULD ASSIST THEM IN THEIR PRESENT DOMESTIC POSITION, IF KUWAIT WOULD ANNOUNCE THAT THERE WAS NO TRUTH TO THE RUMORS OF AN EGYPTIAN MILITARY PRESENCE IN OMAN. IT HAS BEEN SPECULATED THAT THE SOUTH YEMENI INITIATIVE

WAS A RESULT OF THE PRESENT INTERNAL SITUATION IN THE COUNTRY, AND UNTIL THEIR DOMESTIC PROBLEMS COULD BE RESOLVED, THEY DID NOT

PAGE 5 RUSNAAA2742 S E C R E T NOFORN

WISH TO HAVE ANY PROBLEMS BETWEEN THEMSELVES AND OMAN. IT IS
LIKELY THAT SUCH A MOVE IS TEMPORARY, AS WE BELIEVE SOUTH
YEMENI PRESIDENT ISMA'IL HAS NOT GIVEN UP HIS LONGER TERM
AMBITION OF SPREADING SOCIALISM TO ALL OF THE MORE CONSERVATIVE
REGIMES ON THE PENINSULA.

THE FOREIGN MINISTERS' MEETING HAS BEEN TERMED A SUCCESS BY AT
LEAST ONE ATTENDEE, WHO STATED THAT THE CONFERENCE HAS SERVED
TO IMPROVE UNDERSTANDING AND COOPERATION AMONG THE LIKE-MINDED
REGIMES OF THE ARABIAN PENINSULA. (MAJ RYAN, PM 0234)
(SOURCE: AMEMB MUSCAT, USEUCOM J2)

3. (U) OTHER SIGNIFICANT DEVELOPMENTS:

A. (U) ALGERIA: ALGERIAN PRESS STRONGLY CRITICAL OF US ARMS
TO MOROCCO. CHARGES ARMS "MAY BE USED AGAINST ALGERIA ITSELF,"
AND "ACT OF HOSTILITY TOWARD ALL PEOPLES IN NORTH AFRICA."
(PRESS)

B. (U) MAURITANIA: FRANCE REPORTEDLY TO SEND 150 TROOPS TO
NOUADIBOU IN NORTHERN MAURITANIA TO ENSURE PROTECTION OF 1,500
FRENCH IN AREA. ALSO TO "SERVE AS WARNING TO REBELS (POLISARIO)

PAGE 6 RUSNAAA2742 S E C R E T NOFORN

NOT TO VIOLATE MAURITANIAN SOVEREIGNTY." (PRESS)

4. (U) INDICATIONS AND WARNING (ISW) STATUS: THERE ARE NO
CHANGES TO THE ISW STATUS SECTION FOR TODAY, 24 OCT 79.

(SOURCE: USEUCOM J2)

PEVW 23 OCT 99

BT

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CN: 3470

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PP RUEHCR

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-T- AMEMBASSY TEHRAN

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FM SECSTATE WASHDC

TO INTSUM COLLECTIVE PRIORITY

INFO RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 3093

RUEKJCS/DOD/ISA WASHDC

BT

C O N F I D E N T I A L SECTION 01 OF 03 STATE 284900/01

E.O. 12065 GDS 10/31/85 (MONTVILLE, JOSEPH V.)

TAGS: EG, IS, PINR

SUBJECT: INTSUM 928 - OCTOBER 31, 1979

LONDON FOR GLASPIE

PARIS FOR NICHOLAS MURPHY

DOD/ISA FOR RANSOM

OTHER ADDRESSEES FOR CHIEFS OF MISSION

(PARAGRAPHS 1-10 CONFIDENTIAL)

1. ISRAEL: NOVEMBER 1 CABINET MEETING MAY BE CRUCIAL: THE SPECIAL CABINET MEETING ON NOVEMBER 1 ON SETTLEMENTS COULD PROVE DECISIVE FOR THE FATE OF THE BEGIN GOVERNMENT. THE MINISTERS WILL CONSIDER A COMPROMISE FORMULA: IT IS DESIGNED TO ENABLE BEGIN TO CARRY OUT THE SUPREME COURT DECISION TO DISMANTLE THE ELON MOREH SETTLEMENT AND AT THE SAME TIME TO PROVIDE SUFFICIENT SATISFACTION TO GUSH EMUNIM TO PREVENT THE RESIGNATION OF AGRICULTURE MINISTER SHARON, AND POSSIBLY EDUCATION MINISTER HAMMER AS WELL.

2. IT IS A TOSS UP, HOWEVER, WHETHER THE PATRONS OF THE GUSH IN THE CABINET WILL ACCEPT BEGIN'S COMPROMISE. THE WITHDRAWAL OF SHARON AND HAMMER WOULD ALMOST CERTAINLY BRING DOWN THE CABINET.

3. THE COURT RULED THAT THE ELON MOREH SETTLEMENT MUST BE REMOVED BY NOVEMBER 21. PRESS REPORTS SUGGEST THAT BEGIN IS:

(A) CONSIDERING MOVING THE ELON MOREH SETTLERS TO A NEARBY SITE;

(B) DECLARING THE LAND OCCUPIED BY THE SETTLERS A MILITARY FOOTHOLD; AND

(C) ANNOUNCING A DECISION TO ESTABLISH A LARGE NUMBER OF NEW SETTLEMENTS IN SAMARIA IN THE NEAR FUTURE.

THESE STEPS COULD ATTENUATE OR POSTPONE THE CURRENT CRISIS.

4. WHETHER SUCH MEASURES WILL WORK WILL DEPEND ON THE ATTITUDE OF GUSH EMUNIM. THE GUSH MAY NOW PREFER TO PRECIPITATE THE COLLAPSE OF THE TOTTERING BEGIN GOVERNMENT RATHER THAN VOLUNTARILY ACCEPT A COMPROMISE SOLUTION.

5. THE MEMBERS OF THE GUSH HAVE BEEN BITTERLY DISAPPOINTED IN BEGIN, WHOM THEY REGARDED IN THE PRE-1977 PERIOD AS A HEROIC FIGURE AND PATRON.

(A) THEY CONSIDER THE NEGOTIATIONS THAT BEGIN HAS CONDUCTED WITH EGYPT AS DISASTROUS.

(B) THEY SEE THE AUTONOMY PLAN AS FORESHADOWING ISRAEL'S LOSS OF THE WEST BANK.

(C) THEY REGARD BEGIN'S FAILURE (DESPITE THEIR PRODDING) TO ESTABLISH SETTLEMENTS THROUGHOUT "SAMARIA" AS A BETRAYAL OF HIS TRADITIONAL BELIEFS AND COMMITMENTS.

6. IN THE PAST, THE GUSH HAS PRESSURED BEGIN THROUGH THE NATIONAL RELIGIOUS PARTY TO EXTRACT CONCESSIONS ON SETTLEMENTS. IT MAY BE THAT THE GUSH HAS BECOME CONVINCED THAT THIS TACTIC HAS NOW RUN ITS COURSE. IN ANY EVENT, IT WOULD BE VERY DIFFICULT FOR BEGIN TO REMAIN IN OFFICE IF THE GUSH CARRIED OUT ITS THREAT TO RESIST THE REMOVAL OF THE ELON CHESH SETTLEMENT. A CONFRONTATION WITH GUSH EMUNIM IS SOMETHING THAT HE WILL DO HIS UTMOST TO AVOID.

7. BEGIN'S OWN INTENTIONS WILL PLAY A MAJOR ROLE IN THE OUTCOME. BEGIN MAY BELIEVE THAT HIS STANDING FIRM IN SUPPORT OF THE SUPREME COURT DECISION WOULD ENABLE HIM TO FACE DOWN HIS OPPOSITION. ON THE OTHER HAND, HE MAY WILLINGLY COURT POLITICAL CRISIS AS A FACE-SAVING WAY TO ENGINEER HIS OWN RESIGNATION. HE MAY WELL HAVE CONCLUDED THAT IT WOULD BE BETTER FOR HIM TO LEAVE OFFICE NOW, SINCE HE HAS BEEN EMOTIONALLY SAPPED BY THE INTENSE POLITICAL CONFLICT THAT HIS FOREIGN POLICY HAS PRODUCED AMONG HIS TRADITIONAL SUPPORTERS.

8. BEGIN'S DESIRE TO BE THE PEACEMAKER -- AND THEREBY RAISE HIMSELF ONTO A LEVEL WITH PEREZ AND BEN-GURION -- HAS CLASHED WITH HIS LIFELONG COMMITMENT TO IDEOLOGICAL PRINCIPLES, FOREMOST AMONG WHICH IS THE DEVOTION TO THE PRINCIPLE OF THE INDIVISIBILITY OF "ERETZ ISRAEL." BEGIN APPEARS INCAPABLE OF TRANSCENDING THE TREMENDOUS PULL OF IDEOLOGICAL PRINCIPLES, EVEN IF COMPROMISE IS NECESSARY FOR HIM TO ACHIEVE HIS DREAM OF BECOMING ISRAEL'S PEACEMAKER. A RESIGNATION OVER AN ISSUE OF PRINCIPLE -- SUCH AS THE PRESENTATION OF THE GOLD MEAL -- WOULD APPEAL TO A PART OF HIS NATURE.

9. YET, BEGIN MAY ALSO DECIDE TO SOLLIER ON, DESPITE THE PRECARIOUSNESS OF HIS POSITION. HE PROBABLY HAS NOT
IT
249.

PAGE 2 TEL AVIV 29737 S E C R E T
E) IRAQ-IRAN: EXTENT OF IRAQI INVOLVEMENT IN
THE KURDS AND/OR ARAB OPPOSITION IN KHUZESTAN TO THE
INTENTION TO STRENGTHEN RELATIONS WITH TEHRAN OR
TO MOVE MORE VIGOROUSLY AGAINST THE IRANIAN REGIME.

F) THE SOVIET ATTITUDE TOWARDS THE IRANIAN REGIME
TOWARDS OPPOSITION ELEMENTS IN IRAN.

G) THE STATE OF THE ECONOMY: MANUFACTURING, FI
AND ENERGY SECTORS.

TEXT.

NO FILE. RWV 25 SEP 89 DRV D9B1. ALL SECRET.
R E T

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PP RUEHCR
ZNY CCCCC ZGV RUEHCR
F- AMEMBASSY THERAN
RR RUEHCR
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FM SECSTATE WASHDC
TO INTSUM COLLECTIVE PRIORITY
INFO RUEATHS/ TREASURY DEPARTMENT WASHDC PRIORITY 3094
RUEKJCS/DOD/ISA WASHDC
BT
C O N F I D E N T I A L SECTION 02 OF 03 STATE 284900/02

MADE UP HIS MIND YET ABOUT WHICH COURSE HE WILL FOLLOW.

10. IN THE MEANTIME, THIS WEEK'S CABINET RESHUFFLE, HAS BROUGHT BEGIN A LITTLE BREATHING SPACE ON ANOTHER TROUBLESOME FRONT -- THE MALFUNCTIONING OF THE CABINET. THE CHANGES LEFT THE FOREIGN MINISTRY TEMPORARILY IN BEGIN'S HANDS, BROUGHT HOROWITZ IN AS FINANCE MINISTER, MOVED EHRLICH TO A NEW BUT POWERLESS POST AS SECOND DEPUTY PRIME MINISTER, AND MADE MINISTER WITHOUT PORTFOLIO NISSIM THE HEAD OF THE NEWLY ESTABLISHED MINISTRY OF INFORMATION.

11. (C) DAYAN-WEST BANK AUTONOMY: THE ISRAELI PRESS NOW SAYS, EMBASSY TEL AVIV REPORTS, THAT THE "REAL" REASON FOR DAYAN'S RESIGNATION WAS A CABINET DECISION, PROBABLY FIVE MONTHS AGO, THAT ISRAELI SOVEREIGNTY WOULD BE APPLIED TO THE WEST BANK AT THE END OF THE FIVE-YEAR AUTONOMY REGIME AND THAT THIS POSITION HAS BEEN "THE COMPASS AND GUIDELINE" OF ISRAEL'S NEGOTIATING TEAM. DAYAN HAS REPORTEDLY SAID THAT THE DECISION, WHICH HE OPPOSED, WAS MADE BY THE CABINET IN A SECRET SESSION. CABINET SECRETARY NAOR AND INTERIOR MINISTER BURG HAVE DENIED THIS.

IF TRUE, THE CABINET'S DECISION IS A SIGNIFICANT DEPARTURE FROM BEGIN'S ORIGINAL POSITION ON THIS ISSUE. EMBASSY TEL AVIV COMMENTS, HOWEVER, THAT MANY ISRAELIS HAD LONG ASSUMED THAT SUCH A GOVERNMENT POSITION EXISTED, BUT THAT THIS HAD NEVER BEEN OFFICIALLY CONFIRMED.

12. (C) ISRAELI LABOR PARTY: EMBASSY TEL AVIV REPORTS THAT THE LABOR PARTY FAVORS DOING ALL IT CAN TO MOVE FORWARD THE ELECTIONS, WHICH IT IS CONFIDENT OF WINNING. PERES IS STILL VERY MUCH IN CHARGE DESPITE RABIN'S ATTACKS, ALLON'S POSSIBLE CHALLENGE FOR LEADERSHIP, AND THE GROWING STRENGTH OF THE NEW LABOR GENERATION. THE PARTY IS ALREADY EXPLORING POST-ELECTION POSSIBILITIES, SUCH AS AN ALIGNMENT WITH NON-LABOR CENTER ELEMENTS. A NATIONAL UNITY GOVERNMENT IS ALSO THOUGHT TO BE IN THE OFFING, BUT ONLY AFTER ELECTIONS.

13. (U) BEGIN'S HEALTH: HAARETZ STATED OCTOBER 30 THAT THOSE CLOSE TO BEGIN HAVE OBSERVED THAT HIS VITALITY IS "GENERALLY ON THE WANE" AND THAT HIS PREVAILING FRAME OF MIND IS CHARACTERIZED BY "GLOOMINESS AND DEPRESSION." AT THE OCTOBER 28 CABINET MEETING, BEGIN WAS REPORTEDLY "QUIET AND WITHDRAWN," ALLOWING THE DEBATE TO TAKE ITS OWN COURSE. HAARETZ COMMENTED THAT THE CURRENT GOVERNMENT CRISIS IS, TO SOME DEGREE, RELATED TO BEGIN'S CONDITION.

14. (U) ISRAELI THEFT RING ARRESTED: AP HAS REPORTED THAT ISRAELI POLICE HAVE ARRESTED 43 SUSPECTS, 13 OF THEM SOLDIERS, IN A THEFT RING THAT ALLEGEDLY SUPPLIED STOLEN ARMY WEAPONS AND AMMUNITION TO ARAB VILLAGES IN ISRAEL. A POLICE SPOKESMAN SAID THAT THE WEAPONS WERE NOT USED FOR TERRORIST ACTIVITIES. WE HAVE RECEIVED NO CONFIRMATION OF THIS REPORT.

15. (U) BURG ON AUTONOMY TALKS: IN A PRESS CONFERENCE CARRIED OCTOBER 30 BY IDF RADIO, BURG SAID THAT HE HAD AGREED WITH THE US DELEGATION THAT AUTHORIZED ISRAELIS AND ARABS FROM THE WEST BANK AND GAZA WOULD PARTICIPATE IN THE PREPARATION AND SUPERVISION OF THE ELECTIONS. HE ADDED THAT THE "JOINT STATEMENT" ON ELECTIONS IS IMPORTANT BECAUSE IT HAS REMOVED FROM THE AGENDA THE ISSUE OF AN INTERNATIONAL BODY SUPERVISING THE PROCEEDINGS.

16. (U) ISRAEL-CANADA: RADIO JERUSALEM REPORTS THAT OFFICIALS IN ISRAEL ARE DISAPPOINTED, ALTHOUGH NOT SURPRISED, AT CANADA'S DECISION NOT TO MOVE ITS EMBASSY TO JERUSALEM.

17. (U) US AID TO ISRAEL: THE ISRAELI PRESS OCTOBER 30 CONTAINED SEVERAL STORIES REFERRING TO COMMENTS MADE BY THE STATE DEPARTMENT'S SPOKESMAN ON THE INTERVIEW GIVEN BY AID ADMINISTRATOR BENNET TO REUTER ON OCTOBER 25. DAVAR CARRIED THE MOST DETAILED ARTICLE, INCLUDING THE COMMENT THAT THE STATE DEPARTMENT "CONFIRMS THERE IS A LINK BETWEEN AID TO ISRAEL AND WITHDRAWAL FROM THE TERRITORIES."

18. (C) PLO-ITALY: EMBASSY ROME REPORTS THAT WHEN PLO OFFICIAL FARUQ QADDUMI VISITED ITALY THE FOREIGN MINISTRY INFORMED HIM THAT ITALY CANNOT RECOGNIZE THE PLO "JURIDICALLY" BUT WILL DO SO "POLITICALLY." A STATEMENT ISSUED BY FOREIGN MINISTER MALFATTI ACKNOWLEDGED THAT THE INVITATION TO QADDUMI MAY BE CONSIDERED "DE FACTO" RECOGNITION OF THE NECESSITY FOR INCLUDING THE PLO IN THE PEACE PROCESS.

19. (U) PLO-WEST GERMANY: ACCORDING TO REUTER, A WEST GERMAN SPOKESMAN CONFIRMED ON OCTOBER 29 THAT AN ISRAELI INTELLIGENCE AGENT WAS PERMITTED TO QUESTION FOUR PALESTINIAN GUERRILLAS IN A MUNICH PRISON. PLO REPRESENTATIVES IN BEIRUT AND DAWN HAVE THREATENED TO TAKE SOME SORT OF RETALIATORY ACTION AGAINST WEST GERMANY.

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PP RUQMHR

ZNY CCCCC ZOV RUEHCR

-T- AMEMBASSY TEHRAN

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FM SECSTATE WASHDC

TO INTSUM COLLECTIVE PRIORITY

INFO RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 3095

RUEKJCS/DOD/ISA WASHDC

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C O N F I D E N T I A L FINAL SECTION OF 03 STATE 284900/03

20. (U) KREISKY-PLO: IN HIS ADDRESS TO THE UNGA, OCTOBER 29, KREISKY PREDICTED THAT ALL COUNTRIES WOULD SOON RECOGNIZE THE PLO AS THE REPRESENTATIVE OF THE PALESTINIANS. HE ADDED THAT, ONCE THIS HAPPENS, THE PALESTINIANS WOULD HAVE TO ACKNOWLEDGE ISRAEL, AND ISRAEL WOULD HAVE TO RECOGNIZE THE LEGITIMATE NATIONAL RIGHTS OF THE PALESTINIANS.

21. (U) CHINA-LEBANON-PLO: REUTER REPORTS THAT PRC DEPUTY FOREIGN MINISTER HO YING ARRIVED IN BEIRUT ON OCTOBER 29 FROM OMAN FOR TALKS WITH LEBANESE FOREIGN MINISTER FUAD BUTROS, ARAFAT, AND OTHER PLO LEADERS. VANCE
BT
#4900

27 Apr 79

ENC B E T 123328Z APR 79 DEFERRED TELEPOUCH

WASH WASH WASH 417866.

TEL AVIV INFO TEHRAN

FROM: SEVDYNE VIA NE/ISR, NE/IRAN

SUBJECT: UNIDEL BYBAT CKTOP - SOI
FROM IRAN

LET INTEL OPS RUN AGAINST ISRAEL

1. AS COS, TEL AVIV MAY RECALL
IS HQS VISITS THE IDMA OF IDENTIFY
G AND/OR OPS BEING RUN AGAINST
UNREQUESTED TO THIS DISCUSSION. QS
AERIAL TO TEL AVIV ON E AN SE DI
A COMPLETED AN ANALYSIS OF THE S
A BEEN REQUESTED BY COS, TEHRAN
IN FACT COMPLETED BEFORE TEHRAN
AND PERTINENT MATERIAL S PROVIDED
LISON. UNFORTUNATELY, EVENTS IN
JOINT OPS SE WITH THE ISRAELIS IN
STATION, BUT IT MAY BE OF CI VALUE
A MODUS OPERANDI USED BY THE SOVIET
A LARGE, INDIGENOUS JEWISH COMMUNITY

L, ON THE OCCASION OF ONE OF
ING TO THE ISRAELIS POSSIBLE
T THEM FROM IRAN WAS DISCUSSED.
PLANNED TO PROVIDE RELEVANT
OFFICER SENT TDY TO TEHRAN
IET INTEL PRESENCE, WHICH
LATE 1973. THE ANALYSIS WAS
TION'S FILES, HAD TO BE DESTROYED
BELOW WHICH MAY BE PASSED TO
IRAN HAVE DEVIATED ANY POSSIBLE
CONJUNCTION WITH OUR TEHRAN
TO LIAISON AS AN INDICATION OF
IS IN A COUNTRY NEAR ISRAEL WHERE
CY (CA 45,000) EXISTED.

1. AS YOU ARE AWARE, OUR OPERATIONS
UTILIZING OUR AGENT "FARIDA" IN
ING A RELATIONSHIP WITH OUR TRANSI
EXPLOITED RATIONALLY AGAINST K
THE USSR. THE OPERATION DID ESTABLISH
THIS CASE. SOVIET INTEL SERVICE
ATTEMPTING TO MOUNT AN OPERATION
A JEWISH STAFF OFFICER (WHOSE
O AT LIAISON WE POSING AS A JEW,
A SO, THE SOVIETS DID NOT GIVE UP
SINCE THE ULTIMATELY BUT ANOTHER
KOB OFFICER, FELIKS GEORGIYEVICH
EVEN THOUGH AVOZHAN IS OF ARMENIAN

LINE-----
N AGAINST YIE VGENIY MOISEYEVICH KO
ENRAN DID NOT SUCCEED IN ESTABLISH
LANT OFFICER THAT COULD BE
GUT BEFORE HIS PCS DEPARTURE FOR
LISH, HOWEVER, THAT IN AT LEAST
PROBABLY THE (KGB) APPARENTLY WAS
LZ OF IRAN AGAINST ISRAEL USING
PATOYMIC (S COMMONLY JEWISH).
RECRUIT AN ISRAELI BUSINESSMAN
N "FARIDA" WHEN KOGUT DEPARTED
SUSPECT RIS, PROBABLY
MOZHAN, IN CONTACT WITH HIM.
RATHER THAN JEWISH ORIGIN. THERE

2. WASHINGTON 4 7866 S E C R I E
BE SIGNIFICANCE IN THE CIRCUMSTANCES
TIONAL MINORITY IN THE USSR THAT
LIGIOUS PERSECUTION. IF AVOZHAN
A MEMBER OF THE 5TH DEPARTMENT (C
KEYD) OF THE 1ST CHIEF DIRECTORAT

2. SINCE IT WAS SURPRISING TO L
VE DROPPED AT LEAST SOME OF THEIR
RISH STAFF OFFICERS AGAIN, WE UND
LES TO ASCERTAIN IF THERE WERE AN
IRAN HAVING A SIMILAR "JEWISH CO
E OTHER OPERATION THAT APPARENTLY
WONG OTHER OBJECTIVES), AND WE ID
FICIAL VADIM MOISEYEVICH SHAMOV
CO-ORDEE

A. TASS CORRESPONDENT NIKOLAI I
15 DEC 75 AND IS FLUENT IN FARSI
SUSPECT RAS. WE ARE NOT SURE WH
ONE POINT TO GRU, HOWEVER, AND T
E GRU ALSO WAS INVOLVED IN OPERAT
RAEL. (THIS IS A POINT WE HOPE U
LL BE ADVISED.) IN 1977 KOROL TO
TH A JEWIS IRANIAN WHO THERE TOFO
SOURCE OF INFORMATION ON IRANIAN
CONTACT WITH THIS INDIVIDUAL PRE
A KNOWN GRU OFFICER.) THE RELAT
NES IT HAD BEFORE KOROL'S ADVENT
E IRANIAN NEW TO TRAVEL TO ISRAEL
INFORMATION ON "ISRAELI POLICIES"
ATTER DEMURED, HOWEVER, AND KOROL
TRAVEL AGAIN UNTIL THREE MONTHS
MUST TAKE PLACE" WITHIN THE NEXT
IS DEMAN. HOWEVER, WHEN THE IRANI
O TRAVEL ELSEWHERE AT THAT TIME
AR-DEMAND THAT HE VISIT ISRAEL.

B. A SOVIET STATE COMMITTEE FO
FOREIGN ECONOMIC RELATIONS REPRESE
UNCLEOR VADIM MOISEYEVICH SHAMOV
HILE LITTLE IS KNOWN ABOUT SHAMOV
URING HIS PRESENT TOUR, HE WAS US

NCE THAT HE ALSO IS FROM A
AS SUFFERED FROM RACIAL AND
S INDEED KGB, HE PROBABLY WORKED
RAN, ISRAEL, AFGHANISTAN AND
(FOREIGN INTELLIGENCE).

ARN THAT THE KGB MIGHT POSSIBLY
RESERVATIONS ABOUT EMPLOYING
RTOOK TO MAKE A STUDY OF OUR
OTHER SOVIET ENTEL OPERATIONS
INJECTION." WE DID IDENTIFY
WAS TARGETED AGAINST ISRAEL
NTIFIED A JEWISH SOVIET EMBASSY
LY, WHO APPARENTLY SERVED AS A

ANOVICH KOROL ARRIVED IN TEHRAN
(AND ENGLISH. ALTHOUGH KOROL
SEVERAL
WHETHER HE IS KGB OR GRU. SEVERAL
HE IS, THIS WOULD INDICATE THAT
IONS IN IRAN TARGETED AGAINST
TIMATELY TO SETTLE, AND YOU
OK OVER DEVELOPMENTAL CONTACT
HAD BEEN UTILIZED SOLELY AS
INTERNAL AFFAIRS. (THE SOVIET
VIOUSLY, AND WHO INTRODUCED KOROL
SHIP CONTINUED MUCH ALONG THE
BUT IN MID-1978 KOROL ASKED
KOROL WANTED HIM TO GATHER
ND TO "CONTACT FRIENDS." THE
DID NOT RAISE THE MATTER
LATER, WHEN HE SAID THE TRIP IF
EW WEEKS. KOROL BACKED OFF FOR
A JEW CLAIMED PRIOR COMMITMENTS
HE NEVER DID ACCEDE TO KOROL'S

INITIATIVE IN IRAN. EMBASSY ECONOMIC
ARRIVED IN TEHRAN 18 SEPT 75
SKIV, ARRIVED IN TEHRAN 18 SEPT 75
SKIV'S ACTIVITIES
BY THE KGB DURING

AGE 3 WASHINGTON 417866 S E C R E T
PREVIOUS TOUR (JAN 56-FEB 58) TO A
IRANIAN IN THE MINISTRY OF FOREIGN T
MISSION TRANSLATOR (HE SPEAKS FLUENT
IME. A THOUGH IT WOULD NOT HAVE BE
O HAVE CHOSED THE SERVICE OF THE I
VEN IF HE WAS JEWISH, 20 YEARS AGO
F SOMEONE HE PRESUMABLY HAD NATURAL
CANT IF HE WAS AGAIN CHOSED BY THE
POSITION. THERE ARE SOME INDICATION
CHANCE WE MAY BE ABLE TO DEVELOP FUF
WILL BE INFORMED IF IT PERSISTS THAT
SHAMOVSKIY'S JEWISH ANCESTRY OPERAT

2 FYI ONLY: DESPITE LOSS OF
AGAINST TARGETS SUCH AS THOSE DESCR
INTEREST TO ISRAELI CIA S/N, AND DES
AN IRANIAN OPERATIONAL BASE WITH THE
COMMUNITY THERE, WE ARE INTERESTED
APPARENT RIS TO FOR OPERATING AGAIN
MENTIONED ABOVE. ANY COMMENTS OR I
WELCOME THE IRANIAN JEW WHO KOROL
A PUBLISHER AND RETIRED MINISTRY OF
SERVED AS OUR ACCESS AGENT. SAVAK
CONTACT WITH KOROL. IN THE COURSE
EXAMINATION, SDTRAMP/1 SAID HE HAD
SERVICE BUT HE DID ADMIT TO HAVING
A SOLOMAN DYAN, WHOM SUBJECT FELT
OFFICER. THERE ARE NO HGS TRACES O

ASSIST IN THE RECRUITMENT OF AN
RADE. HE WAS THE SOVIET TRADE
FARSI AND ENGLISH) AT THE
EN OVERLY UNUSUAL FOR THE HGB
R TRADE MISSION TRANSLATOR,
TO AID IN THE RECRUITMENT
ACCESS TO, IT WOULD BE SIGNIFI
KGB IN HIS PRESENT HIGH
S THAT HE WAS, AND THERE IS A
OTHER INFORMATION. IF SO, YOU
THE RIS ATTEMPTED TO USE
ONALLY.

INE
MUCH OF OUR OPS CAPABILITY
BED ABOVE THAT WOULD BE OF
PITE THE LATTER'S OWN LOSS OF
FLIGHT OF THE LARGE JEWISH
N LEARNING MORE ABOUT THIS
ST ISRAEL, AND ABOUT THE SOVIET
FO LIAISON MAY HAVE WOULD BE
WAS PURSUING IS SDTRAMP/1,
INFORMATION OFFICIAL WHO
ALSO WAS AWARE OF SDTRAMP/1'S
OF A NOV 75 REACTION 'SGSWIRL
NEVER WORKED FOR AN ISRAELI
A FAIRLY CLOSE RELATIONSHIP WITH
COULD POSSIBLY BE AN ISRAELI INTER
N DYAN.

3 FILE: 201-0135398, 201-01352667, 201-090949,
201-0216658, 201-0867714 RVW 27M R79 DRV D9C1 BY 032081,
ALL SECRET?

CDS COMMENT: TEHRAN AD E PER HEADQUARTERS REQUEST
S E C R E T

200720Z APR 79 ST FF
INRAN 52754 (GLEBOROFF ACT 13).
DIRECTOR.

SDTRAM
DIRECTOR 412599

SDTRAM/1 (T/1) WAS PAID SALARY/BONUS SUGGESTED PARA ONE REF
TOTALLED RIALS 120,000. HE WAS MOST APPRECIATIVE.

PARA TWO REF ASSUMPTION IS CORRECT.

T/1 MENTIONED THAT AFTER LONG BREAK IN CONTACT, HE MET TASS
KOLAY I. KOROL ON 17 APRIL AT DEPUTY PM ENTEZAM'S PRESS BRIEFING

SAID THAT HE WOULD WELCOME A CHANCE TO CHAT PRIVATELY WITH T/1
SUGGESTED THAT THEY TAKE A STROLL TOGETHER ON KARIM KHAN-E-ZAND
AT 1600 HRS ON 12 MAY. WILL DISCUSS WITH T/1 AND FOLLOW-UP
AGREE PRESENT SECURITY SITUATION WILL PERMIT OVERT CONTACT OF
NATURE.

FILE: DEFER. RVW 20 APR 79 DRV D9C.1. ALL SECRET.
R E T

27 APR 79

E C R T 272 13Z APR 79 STAFF

IE DIRECTOR 427830.

O: TEHRAN INFO TEL AVIV.

NINTEL EKTOP SDTRAMP

REFS: A. TEHRAN 52 54 (NOT NEEDED TEL AVIV)
B. WASHINGTON 417865 (BEING RELAYED TEHRAN)

1. SOVIET MENTIONED REF A IS PDPI (201-0939 399), WHO IS PROBABLY A GRU OFFICER. (HOPE TO HAVE HIS RIS AFFILIATION RESOLVED BY SDPRETEXT.) PARA 2A WITHIN REAR LINES OF REF B PROVIDES BACKGROUND ON PDPI AND INFO ON HIS CONTACT WITH SDTRAMP PASSED ISRAELI LIAISON, AND PARA 2 REF B PROVIDES FURTHER INFO FYI ONLY (PDPI ALSO PITCHED STATION OFFICER MILTON B. CLAVEAU (PO) IN LAT JULY 77 OFFERING "ALL THE MONEY YOU WANT FOR INFO ON IBEX AND AWACS.") SDTRAMP CLAIMS HE VISITED ISRAEL TWICE IN EARLY 70'S AT BEHEST SOVIETS ALTHOUGH WE HAVE NO RECORD OF TRIPS HAVING TAKEN PLACE SDJANUS WHO CONTINUED ROUTINELY DEBRIEF SDTRAMP ON HIS SOVIET CONTACTS EVEN AFTER HE BECAME STATION UNILATERAL ASSET, APPARENTLY APPROVED THIS TRAVEL IN ADVANCE, AND ALLOWED HIM TO KEEP FLAG OF NONE GIVEN HIM BY THE SOVIETS FOR TRIPS. SDTRAMP STATED FIRST TRIP WAS TO ESTABLISH CONTACTS WITH ISRAELI JOURNALISTS WHILE SECOND VISIT WAS TO DEVELOP ACADEMIC CONTACTS.

2. ENCOURAGE STATION INDUCE SDTRAMP WITH PDPI AGAIN, IF THIS AT ALL POSSIBLE PRESENT SECURITY SITUATION. (WE NOTE THAT PRESS CIRCLES AND AMONG THIRD COUNTRY DIPLOMATS HAS ESTABLISHED PDPI WILL BRING UP TOPIC OF ISRAEL AGAIN BUT PDPI'S OTHER REQUIREMENTS ARE ALSO OF GREAT INTEREST BECAUSE INDICATIONS HE HAS COVERT ACTION FUNDS FOR GRU, AND SDTRAMP PRESUMABLY STILL COVERT ACTION ASSET TO HIM. SUGGESTED LINES AND ASKED TO BE ALERT FOR PDPI'S A

TO TAKE UP REGULAR C WITHIN CONSTRAINTS OF PDPI WAS QUITE ACTIVE IN PRE-REVOLUTION REASON FOR CONTACT W OF COURSE, WHETHER IN WHATEVER CONTEXT GREAT INTEREST BECAUSE TIONS ARE WELL AS COL WOULD APPEAR TO BE SDTRAMP HE BRIEFED ALONG ATTEMPTING TASK HIM W

PAGE 2 DIRECTOR 427810 SECRET
ISRAELI AND COVERT ACTION REQUIREMENTS. WE DEFER TO STATION, HOWEVER,
TO DECIDE IF SUBTRAMP OPERATION CAN WITHSTAND SOVIET INVOLVEMENT AT
THIS JUNCTURE.

3. TEL AVIV WE WOULD WELCOME LEARNING KKCOROLLARY REACTION TO
REF ID: A6. ESPECIALLY IF THEY HAD SOMETHING ON PDPI. IS IT POSSIBLE
FOR STATION UNILATERALLY TO IDENTIFY SOLOMAN BYAN; POSSIBLY
PROCEEDING FROM TELEPHONE DIRECTORY AND ADDRESS CHECKS?

4. REF ID: A6. 201-083399, 201-0867764. I VW 27APR99 DRV D9C1
BY: [REDACTED] SECRET.

30 APR 73 15 02

SECRET 0342Z APR 73 STAFF

CITE TEL AVIV 23242

TO: DIRECTOR OF INFO TEHRAN

UNINTL ENTOR SDTRAMP KKOROLLAY

REFS: A. WASHINGTON 417866
B. DIRECTOR 427839

1. REF A STATES THAT IN 1977 PDPI TOOK OVER DEVELOPMENTAL CONTACT WITH A JEWISH IRANIAN WHO THERETOFORE HAD BEEN UTILIZED SOLELY AS A SOURCE OF INFORMATION ON IRANIAN INTERNAL AFFAIRS. IT GOES ON TO DESCRIBE HOW PDPI TRIED TO FORCE SDTRAMP INTO VISITING ISRAEL TO GATHER INFORMATION ON ISRAELI POLICIES AND TO CONTACT FREESH AND FINISHES UP WITH A STATEMENT THAT SDTRAMP NEVER ACCEDED TO PDPI'S DEMANDS THAT HE VISIT ISRAEL.

2. WE DO NOT UNDERSTAND HOW THAT FITS WITH THE FOLLOWING QUOTE FROM REF B: "SDTRAMP CLAIMS HE VISITED ISRAEL TWICE IN EARLY 70'S AT BEHEST OF SOVIETS... SDTRAMP STATED PURPOSE OF FIRST TRIP WAS TO ESTABLISH CONTACTS WITH ISRAELI JOURNALISTS, WHILE SECOND VISIT WAS TO DEVELOP ACADEMIC CONTACTS."

3. BELIEVE THERE GOOD POSSIBILITY THAT IF SDTRAMP VISITED ISRAEL AT BEHEST OF SOVS, ISRAELI SERVICE ARE AWARE OF IT AND POSSIBLY IN CONTACT WITH HIM. WE FIND OURSELVES IN POSITION OF AGAIN HAVING POSSIBLY DISSEMBLED TO LIAISON AND THERE BEING GOOD CHANCE THAT THEY KNOW IT. WHEN DID SDTRAMP TELL US ABOUT HIS TRIPS TO ISRAEL? IF IT WAS BEFORE REF A WAS WRITTEN, WHY WAS THIS INFO NOT INCLUDED?

4. WE ALSO WOULD LIKE TO KNOW IF SAVAK KNEW OF SDTRAMP'S ASSOCIATION WITH SOVIETS AND OF HIS TRIPS TO ISRAEL. THIS FACT, OF COURSE, THAT ISRAEL IS AWARE OF CASE.

REASON STILL
PARTIAL INFO FROM REF A, ON REF A,
WITHOUT ANY FURTHER INFO, GOING TO US UNWISE. AT THIS

PAGE 2 TEL AMIV 32 S C R E T
POINT, BELIEVE B ST OU E OPEN TO RTACTION, WOULD BE TO IDENTIF
STRAMP AS UNILAT CR A NT, GIVE THEM ALL THE FAC S AND OFFER
TO SHARE HIM WITH E I WOULD, OF COURSE, WELCOME ANY AND ALL
OTHER SUGGESTIONS

6. ON MATTER OF AMIV STATION UNILATERALLY IDENTIFYING
SOLOMAN DYONER IS IT POSSIBLE FOR YOU TO TELL US SOMETHING ELSE
ABOUT HIM IN ADDITION TO HIS NAME? WE HAVE NO CARD TRACE ON HIM.

7. FILE 201-867764. RVW 30 APR 9, DRV
DNC.1 BY 08630. AL E T.
S E C R E T

SECRET 211000Z MAY 79 STAFF

CITE TEHRAN 52906 (KLEGOOROFF ACTING)

TO: PRIORITY DIRECTOR INFO TEL AVIV.

UNINTEL CABLES TO AMP

REFS: A. WASHINGTON - 417466

B. DIRECTOR - 427332

C. TEL AVIV 28242

1. WHILE REVIEWING RANGE OF PAST/PRESENT CONTACTS AND PRIOR TO RECEIPT OF REFS, SDT AMP (T/I) MENTIONED IN PASSING THAT HIS KNOWLEDGE HAS NEVER BEEN IN TOUCH WITH ISRAELI INTELLIGENCE STATION. MEMORY MAY BE FAULTY ON THIS POINT, BUT BELIEVE THAT SCWIL SUPPORTS HIS STATEMENT. WITHOUT ADDITIONAL INFO, STAFF NOT PREPARED TO BELIEVE THAT ISRAELIS AWARE OF NATURE OF T/I TRIPS TO ISRAEL OR THAT SAVAK FED ISRAELIS OPERATIONAL INFO RE T/I. BELIEVE THAT IN THIS IMPERFECT WORLD, SUBJECT WILL REMAIN A MOOT POINT UNTIL T/I IS DEBRIEFED ON HIS TRIPS IN DETAIL, INCLUDING PAST CONTACTS WITH SOVIETS, RELATIONSHIP WITH SAVAK, ETC. STATION IS PREPARED TO DO THIS IF HEADQUARTERS BELIEVES THAT AVAILABLE INFO IS INADEQUATE.

2. HOWEVER, RESERVATIONS EXPRESSED REF C, SUGGEST ENTIRE PROBLEM CAN BE AVOIDED BY NOT REFERRING TO SOVIET RANGE OF T/I AT ALL. SPECIALLY WHEN WE OURSELVES LACK THE DETAILS. ANY EVENT, IT IS NOT OUR BUSINESS TO OPPOSE TO SURFACING T/I OPERATIONS TO KKKOROLLY WITH WHOM HE IS JOINING. PARA FIVE RE SUGGESTION OF COMPLICATING AN ALREADY DIFFICULT HANDLING SITUATION IN TEHRAN AND MIGHT ALSO PROVE TO BE SOMETHING OF A DISAPPOINTMENT AS IT IS LIKELY THAT T/I WILL AGREE TO GET IN BED WITH SOVIETS UNDER THE WATCHFUL EYE OF ANTI-COMMUNIST KHAMENEI REGIME WHICH NOW IN POWER IN IRAN.

3. FILE DEFERRED. RVW 2 MAY 79 1100 DYC.1. ALL SECRET.

SECRET

CONTRACT
OF MIND. PDPI
MISUNDERSTOOD. MATTER
PDPI CONTACTS VIRTUALLY TERT

3. AT ABOUT SAME TIME, PDPI TOOK
SDTRAMP, STATION ASSET WHO HAS BEEN RUN AGAINST
FOR SOME TIME. THIS FACT, AND PITCH TO C/O, LED TO IDENTIFICATION
OF PDPI AS KNOWN RIS (GRU BASED ON HIS PRIMARY INTEREST IN
MILITARY MATTERS AND FACT THAT SDTRAMP'S PREVIOUS SOV HANDLERS
WERE KNOWN GRU).

4. PDPI CONTINUED MEETING WITH SDTRAMP AND URGED
(LATER DIRECTED) HIM TO TRAVEL TO ISRAEL TO COLLECT INFORMATION,
SINCE SDTRAMP IS IRANIANJEW. THIS IN TURN LED TO LENGTHY BUT
UNRELATED EXCHANGE CONCERNING EQUITIES OF REPORTING THIS FACT

U P
INAC
RELL
AMAT
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17
INFO
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ALL
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U BEIN
KURIN

5 OCT 79

6.362

SECRET 0252 OCT 79 STAFF

CITTEL TEL AVIV 83

TO: TEHRAN INTEL FOR.

WNINTEL INTEL

REF: TEHRAN 543 (NIT-2750)

1. WITH STATION CONCURRENCE WISH TO PASS REF ON
MISSION OF PASDARAN TO ISRAELI LIAISON SOURCED TO A
RELIABLE SOURCE.

2. NO FILE. RV 4 OCT 99 DRV D9C.1 ALL SECRET.

SECRET

BT
#9783

50679 063721

S E C R E T 041525Z OCT 79 STAFF

CITE TEL AVIV 29784

TO: TEHRAN INFO DIRECTOR.

WNINTEL INTEL

REF: TEHRAN 54335 (NIT 10743)

1. WITH STATION CONFERENCE WISH TO PASS REF ON W/ AGREEMENT ON RESTRICTIVE INTERPRETATION OF ARTICLE 5. LIAISON SOURCED TO "A SOURCE WHOSE RELIABILITY HAS NOT FROM AN INFORMANT."

2. NO FILE. RWV 24 OCT 79 DRV D9C.1 ALL SECRET.

S E C R E T

BT
#9784

4 AUG 79

S E C R E T 031313Z AUG 79 DEFERRED TELEPOUCH

CITE WASHINGTON 468214.

TO: TEL AVIV INFO TEHRAN.

FM: NE/ISR INFO NE/IRAN

SUBJECT: WINTTEL KKCOMPOUND - TARGETING IRANIAN INTELLIGENCE

REFS: A. TEL AVIV 29103
B. WASHINGTON 468334

1. REGRET DELAY RESPONDING TO REF. WE WOULD BE INTERESTED IN LEARNING THE NAMES OF THE TWENTY-FIVE MEMBERS OF THE RESEARCH COMMITTEE WHO KKCOMPOUND'S SOURCE CLAIMS TO KNOW. SHOULD KKCOMPOUND DECIDE TO PROVIDE THEM TO US, WE ARE WILLING TO FURNISH TRACES. SHOULD ANY OF THAT NUMBER APPEAR TO HAVE ACCESS AND VULNERABILITIES AND BE ACCESSIBLE TO US BUT NOT TO THEM, WE WOULD BE WILLING TO CONSIDER MOUNTING AN OPERATION AND SHARING THE PRODUCT.

2. CONCERNING PARAGRAPH TWO OF REFERENCE, STATION WAS CORRECT IN DIVERTING LIAISON FROM FOCUSING ON IRANIAN STUDENTS IN THE U.S. AT THIS TIME WE HAVE NO LEADS TO SUSCEPTIBLE IRANIAN STUDENTS IN EUROPE WHO WERE FORMERLY IN THE U.S. IF WE DID, IT IS UNLIKELY WE WOULD NEED KKCOMPOUND'S ASSISTANCE TO EXPLOIT THEM. AS STATED IN REF B, HOWEVER, IF KKCOMPOUND HAS CONTACT WITH POTENTIALLY RECRUITABLE IRANIAN STUDENTS OUTSIDE IRAN AND FOR ONE REASON OR ANOTHER NEEDS OUR ASSISTANCE IN MAKING AN APPROACH, WE WOULD BE WILLING TO REVIEW THE PROPOSAL AND CONSIDER A JOINT OPERATION.

3. FIL: 41-5-17. RVV 2AUG09 DRV D9B.2.

S E C R E T

BT

#2393

31 AUG 79 03 20z

SECRET 301617Z AUG 79 STAFF

CITE TEL AVIV 29496

TO: DIRECTOR INFO BEIRUT, KUWAIT, MANAMA, ABU DHABI, ADEN, MUSCAT, TEHRAN.

MINTEL INTEL FGI

1. THE FOLLOWING IS A LIAISON REPORT ON A FATAH REQUEST FOR INFORMATION ON AMERICAN TARGETS IN PERSIAN GULF. IT WAS PASSED TO STATION ON 30 AUGUST 1979 WITH A DOI AUGUST 79--NO SPECIFIC DATE--AND SOURCED TO AN INDIVIDUAL CLOSE TO PLO CIRCLES IN THE MIDDLE EAST AND RELIABLE.

FATAH HQ DISPATCHED A SECRET REPORT TO ITS REPRESENTATIVES AND HEADS OF OFFICES IN KUWAIT, ABU DHABI AND ADEN, REQUESTING TO PREPARE WELL-TRAINED MEN AND TO OBTAIN INFORMATION ON CENTERS AND OFFICES IN THE PERSIAN GULF CONNECTED WITH THE UNITED STATES SO THAT THEY COULD BE ATTACKED SOON.

2. THE INFORMATION IS BEING MADE AVAILABLE IN THIS FORMAT DUE TO ITS THINNESS.

3. NO FILE. RVW 30 AUG 09, DRV D9B.2 BY 018630. ALL SECRET.

SECRET

BT
19496

15 SEP 79

SECRET 150327Z SEP 79 STAFF

CITE DIRECTOR 514277.

TO: TEL AVIV INFO TEHRAN, DAMASCUS, AMMAN, BEIRUT

UNTEL INTEL

REFS: A. TEL AVIV 21565

B. TEL AMU 20437 (BEING RELAYED BEIRUT)

1. REGARDING THE POSSIBLE TRANSFER BY IRAN OF PRODUCED WEAPONS TO SYRIA AND THE PLO, HQS IS IN THE PROCESS OF DISSEMINATING REF A BUT IS SKEPTICAL ABOUT REF B. THE COMMENTS BELOW ARE FOR STATION USE IN DISCUSSIONS, LIAISON AND IN SCREENING FUTURE REPORTING ON THIS SUBJECT.

2. FIRST, WE DOUBT SERIOUSLY THAT IRAN IS REALLY CONSIDERING TRANSFERRING ANY OF ITS MAJOR U.S. WEAPONS SUCH AS THOSE LISTED IN REF B, TO ANYONE AT THIS TIME. ALTHOUGH SOME IRANIAN OFFICIALS MAY HAVE MUSED ABOUT THE IDEA, TRANSFERRING ANY WEAPONS NOW WOULD JEOPARDIZE IRAN'S MILITARY SUPPLY RELATIONSHIP WITH THE U.S., SOMETHING WHICH IS BY NO MEANS DEAD. (NOTE THAT THE U.S. ONLY RECENTLY AGREED TO SELL IRAN A FEW MILLION DOLLARS WORTH OF SPARES AND AMMUNITION AT THE IRANIAN GOVERNMENT'S REQUEST.) WE ARE SURE THAT THE ISRAELIS, WITH THEIR EXPERIENCE ON THE SUBJECT OF U.S. ARM TRANSFERS, UNDERSTAND THIS.

3. SECONDLY, THE U.S. WOULD ALMOST CERTAINLY NOT APPROVE THE TRANSFER OF ARMS FROM IRAN TO EITHER SYRIA OR THE PLO. EVEN IF IRAN WENT THROUGH AN ILLEGAL CHANNEL TO DO SO, THE INTRODUCTION OF U.S. WEAPONS INTO SYRIAN INVENTORIES COULD WELL BE MORE TROUBLE FOR THE LARGELY SOVIET-SUPPLIED SYRIANS THAN IT WOULD BE WORTH. MOREOVER, THERE ARE INDICATIONS THAT THE SYRIANS ARE AGAIN RECEIVING NEW SOVIET ARMS AT A STEADY RATE, INCLUDING ADVANCED ITEMS SUCH AS T-72 TANKS AND MIG-23 AIRCRAFT WITH WHICH THE SYRIANS WILL HAVE THEIR HANDS FULL.

4. THIRDLY, WE FIND IT ALMOST INCONCEIVABLE THAT THE

PAGE 2 DIRECTOR 514297 S E C R E T /
JORDANIANS, WITH A REQUEST BEFORE CONGRESS FOR UP TO 300
NEW TANKS AND A LONGSTANDING MILITARY SUPPLY RELATIONSHIP
WITH THE U.S. AT STAKE, WOULD EVEN CONSIDER MAINTAINING
EQUIPMENT TRANSFERRED ILLEGALLY TO SYRIA OR THE PLO BY IR
5. FINALLY, WE ARE DISTURBED THAT THE ISRAELIS FIND
REF B REPORT "PLAUSIBLE". INTRIGUING MAYBE, BUT NOT "PLAU
WE FIND THE SUPPOSITION THAT U.S. SMALL ARMS AND AMMUNITION
FROM IRAN ARE FINDING THEIR WAY INTO PALESTINIAN HANDS
"PLAUSIBLE". THE REVOLUTION IN IRAN HAS LOOSENED UP MANY
THOUSANDS OF SUCH ITEMS WHICH PROBABLY CANNOT BE ACCOUNTED
FOR. SOME COULD EVEN FIND THEIR WAY THROUGH THE ISRAELIS
INTO HADDAD'S HANDS. BUT NOT MAJOR END ITEMS.

6. NO FILE. RVW 14 SEPT 69 DRV D9B.2.
S E C R E T

SECRET 251342Z SEP 79 DEFERRED TELETYPE

STATE TEL 407 29707 SECTION 1 OF 4

TO: WASHINGTON INFO TEHRAN

FROM: NE/ISA

SUBJECT: UNINTL FGT - DISCUSSION ON IRAN

THE FOLLOWING IS A PRELIMINARY REPORT FROM LIAISON ON THE STABILITY OF THE REGIME WHICH THEY WOULD LIKE TO SERVE AS A BASIS FOR A DISCUSSION BETWEEN OUR EXPERTS ON IRAN AND THEIR REPRESENTATIVES. LIAISON IS INTERESTED IN OUR ANALYSIS, REACTION AND COMMENTS REGARDING THE POINTS AND ARGUMENTS PUT FORWARD IN THE REPORT, AS WELL AS THEIR RESPONSE TO THE SPECIFIC QUESTIONS RAISED AT THE END OF THE REPORT. THE ACTUAL ARRANGEMENTS FOR THE DISCUSSION ARE TO BE WORKED OUT IN WASHINGTON. SACOMPOUN/16 HAS RECEIVED A REPLY TO THIS REPORT. (PAGE IN TEXT)

MAIN POINTS

1. THE REVOLUTION IN IRAN, WHICH DEPOSED THE SHAH AND BROUGHT KHOMEINI AND HIS EXTREMIST RELIGIOUS CAMP TO POWER, HAS NOT YET RUN ITS COURSE. THE KHOMEINI REGIME IS IN THE MIDST OF AN EFFORT TO CONSOLIDATE ITS HOLD ON THE GOVERNMENT AND TO INSTITUTIONALIZE THE PRINCIPLES OF THE REVOLUTION BY CONSTITUTIONAL MEANS, AND NOT SUFFICIENTLY STRONG OPPOSITION HAS ARISEN SO FAR WHICH COULD CHALLENGE KHOMEINI. THUS, THE MOMENTUM OF CONSOLIDATING THE REVOLUTION IS CONTINUING. HOWEVER, THE PROCESSES WITH WHICH THE REGIME IS STRUGGLING--SUCH AS DIFFICULTIES IN THE FUNCTIONING OF THE GOVERNMENT, ECONOMIC DISRUPTIONS, SEPARATIST FERMENT AND BUDDING DISOBEDIENCE AND RESISTANCE EVEN WITHIN THE ARMY--POSE A THREAT TO THE LONG-TERM STABILITY OF THE REGIME. THE FACT THAT KHOMEINI IS AN OLD MAN LEADS TO THE UNCERTAINTY OF THE OUTCOME OF HIS PRESENT EFFORT TO ESTABLISH AN ISLAMIC REPUBLIC AND INSTITUTIONALIZE IT.

2 TEL AVIV 29727 S I C E T
REGARDLESS OF WHETHER THEY ARE HOME-GROWN OR WHETHER
THEY ARE CAUSED BY ACTIVITY COMING FROM OUTSIDE, COULD
THE FOLLOWING DEVELOPMENTS, WHICH MIGHT BE INTER-RELATED, LEAD
ABOUT A SIGNIFICANT CHANGE:

A) EXACERBATION OF THE POLITICAL STRUGGLE, EITHER OF
CONFRONTATION WITH THE ORGANIZED LEFT, OR BY AND ESP-
DUE TO INCREASING POLITICAL INVOLVEMENT ON THE PART OF THE
INCREASE OF KHOMEINI DEPARTS FROM THE SCENE.

B) DETERIORATION OF THE ECONOMIC SITUATION BECAUSE
OF DISRUPTIONS IN THE EXPORT OF OIL AND THE CONSEQUENT
INCOME CORRESPONDING FROM SUCH EXPORT.

C) AN UPDISING AMONG SEPARATIST ETHNIC MINORITIES,
ESPECIALLY IF IT OCCURS SIMULTANEOUSLY IN THE KURDISH REGION
IN THE STRATEGIC PROVINCE OF KHUZESTAN.

3. THIS PAPER SEEKS TO CHARACTERIZE THE PROCESS OF THE CON-
SOLIDATION OF THE REVOLUTION AND TO ASSESS THE STRENGTH AS WELL
VULNERABILITIES OF THE KHOMEINI REGIME.
CONSOLIDATION OF THE REGIME

4. A REVOLUTION IN EVERY SENSE OF THE WORD TOOK PLACE IN
IRAN AT THE BEGINNING OF THE YEAR. NOT ONLY DID THE SHAH'S REGIME
FALL, THE ENTIRE SOCIAL-POLITICAL STRUCTURE OVERTURNED AND BROUGHT
ITS WAKE SIGNIFICANT CHANGES IN THE CULTURAL VALUES ON WHICH
IRAN SOCIETY OPERATED UNTIL FEBRUARY 1979. THE REVOLUTION HAS
LEFT OVERTONES RESTING AS IT DOES ON THE SUPPORT OF THE MASSES
THE LOWER CLASSES. THESE WERE THE STRATA OF SOCIETY THAT DID
NOT ENJOY AND WERE EVAN HURT BY THE STEPPED-UP MODERNIZATION THAT
HAD INTRODUCED INTO IRAN. THE SECTOR IS NOW ON THE SHOULDERS OF
THE URBAN MIDDLE CLASSES THAT ARE AT THE MERCY OF THE
MASSES AND SOMETIMES EVEN THE MOB.

5. BANNER OF CHANGE WAS BORNE BY THE HIERARCHY OF
LEADERS, FROM THE NEIGHBORHOOD MULLAH TO AYATOLLAH
PERSONALITIES, THE REVOLUTION. SHITE ISLAMIC LAW TAKES
A REVOLUTIONARY IDEOLOGY WITH ALL ITS POLITICAL, SOCIAL,
AND CONTENTS. EXTREMIST RELIGIOUS LEADERS ALONG WITH THE
CULT

As a result of the
coalition

PAGE 3 TEL AVIV 29 07 5 0 C R E T
BAZAR MERCHANTS WHO HAVE A RELIGIOUS ORIENTATION FORM THE REVOLU-
TIONARY NUCLEUS. AROUND THIS NUCLEUS HAS COALESCED A VARIOUS
COALITION THAT RANGES FROM SECULAR POLITICIANS HAVING A LIBERAL
WESTERN ORIENTATION CLOSE TO THAT OF THE MIDDLE CLASS, TO CIRCLES OF
RADICAL LEFTISTS, COMMUNISTS AND ARMED MARXIST GROUPS. AT THE TIME
THE TOPPLING OF THE SHAH'S REGIME SERVED AS A COMMON DENOMINATOR FOR
THESE ELEMENTS. HOWEVER, THIS WAS BASICALLY A UTILITARIAN AND NEGAT-
IVE COMMON DENOMINATOR AND CONSEQUENTLY A PASSING ONE. ONCE THE
OBJECTIVE WAS ACHIEVED AND THE SHAH WAS OUSTED, THE HETEROGENEOUS
COALITION, PERMEATED BY INTERNAL IDEOLOGICAL AND SOCIAL ANTAGONISM,
BEGAN TO DISINTEGRATE. THE RELIGIOUSLY ORIENTED CAMP IS CURRENTLY
LEADING THE COUNTRY AND STRIVING UNCOMPROMISINGLY TO TURN IRAN
INTO AN ISLAMIC REPUBLIC.

6. EVER SINCE THE KHOMEINI REGIME CAME TO POWER OVER SEVEN
MONTHS AGO, IT HAS BEEN TRYING TO CONSOLIDATE ITS RULE AND STATU-
TUALIZE THE PRINCIPLES OF THE REVOLUTION. SINCE AUGUST THE
POLITICAL STRUGGLE IN THE CAPITAL AND ITS OUTSKIRTS HAS TAKEN THE FORM
WITH THE ZEALOUS POPULAR RELIGIOUS ELEMENT LED BY KHOMEINI, TAKING
TOUGH MEASURES TO SUPPRESS ITS ACTUAL AND POTENTIAL RIVALS, WHILE
STRIVING TO ACHIEVE ABSOLUTE CONTROL OVER THE POLITICAL STRUCTURE.
IN REACTION TO A RATHER LIMITED SURGE IN CRITICISM AGAINST THE
REGIME, AND USING THE PRETEXT PRESENTED BY THE KURDISH SEPARATIST
UNREST, KHOMEINI BEGAN A CAMPAIGN TO CONSOLIDATE HIS POLITICAL
HOLD, TO NEUTRALIZE THE CRITICISM OF THE OPPOSITION AND TO REDUCE
THE STRENGTH OF THE POLITICAL GROUPINGS OF THE SECULAR CAMP IN
THE CENTER AND LEFT OF IT. IN THE FRAMEWORK OF THIS CAMPAIGN, ALL
NEWSPAPERS THAT WROTE AGAINST THE ISLAMIC REVOLUTION AND THAT
CRITICIZED THE REGIME WERE BANNED; THE HEADQUARTERS OF THE LEFTIST
GROUPS--THE MUJAHIDIN, EL-KHALQ, THE FERA'YIN AL-KHALQ AND THE
--WERE SHUT DOWN, AND THE DEMONSTRATIONS OF THEIR SUPPORTERS
WERE VIOLENTLY DISPERSED BY ARMED EXTREMIST MUSLEMS. AT THE SAME
TIME (IN MID-AUGUST) KHOMEINI BEGAN A GENERAL OFFENSIVE AGAINST
THE KURDISH STRONGHOLDS. THAT OFFENSIVE REACHED ITS CLIMAX, AND
ITS END FOR THE TIME BEING, WITH THE CAPTURE OF ALL THE KEY KURDISH

7. IN ADDITION TO HIS SUCCESS IN ATTAINING THE MAIN OBJECTIVE
OFFENSIVE AGAINST THE KURDS, KHOMEINI ALSO ACHIEVED OTHER
SUCH AS THE CONSOLIDATION OF A NATIONAL CONSENSUS AROUND

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HIM, AND FOR THE FIRST TIME THE REVOLUTION, EVEN THOUGH IT IS ONLY
PARTIAL, OF THE ARMY IN COORDINATION WITH THE REVOLUTIONARY COMMAND
WARDS. AT THE SAME TIME HE APPOINTED HIMSELF SUPREMACY COUNCIL OF
THE ARMY. MORE IMPORTANTLY, HE MANAGED TO CONVINCE THE COUNCIL OF
EXPERTS WHICH IS SUPPOSED TO PAVE THE WAY FOR THE SETTING UP OF A
NEW GOVERNMENTAL STRUCTURE. THE STRUGGLE OVER THE FUTURE OF THE
CONSTITUTION WHICH IS NOW BEING CONDUCTED IN THE COUNCIL OF
EXPERTS, IS FUNDAMENTAL AND PERHAPS THE MOST IMPORTANT STAGE
IN CONSOLIDATING THE REVOLUTION. THE COUNCIL IS CURRENTLY CON-
DIVIDED INTO EXTREMIST RELIGIOUS LEADERS WHO FAVOR AN UPPER
STITUTION IN THE SPIRIT OF THE KORAN AND HAVE APPARENTLY
HAND AND MODERATES WHO SUPPORT A MORE FLEXIBLE CONSTITUTION
WILL LEAVE ROOM FOR OTHER POLITICAL FORCES ACTIVE ON THE
SCENE. KHOMEINI REGARDS THIS STRUGGLE AS HIS ACID TEST.
COME OF THIS STRUGGLE, MORE THAN ANYTHING ELSE, WILL INDICATE
WHAT EXTENT HIS EXTREMIST RELIGIOUS AND XENOPHOBIC CONCEPTS
HAVE TAKEN ROOT IN THE COUNTRY.
STRENGTHS AND WEAKNESSES OF THE REGIME

9. AT THIS STAGE THE REGIME'S STRENGTH LIES IN THE FOLLOWING

A) KHOMEINI'S PERSONALITY AND THE MOMENTUM OF THE
REVOLUTION - THIS MOMENTUM RESTS ON BOTH KHOMEINI'S DOMINANT-
CHARISMATIC PERSONALITY AND THE REVOLUTIONARY RELIGIOUS ESTABLISH-
MENT ORGANIZED AS A HIERARCHY FROM THE LEVEL OF LOCAL COMMITTEES
THE REVOLUTIONARY COUNCIL. THESE ARE CAPABLE OF MOBILIZING THE
MASSES, ESPECIALLY AMONG THE URBAN POPULATION, AND CAN RELY ON
VOCIFEROUS SUPPORT. DESPITE THE FACT THAT REVOLUTIONARY
ENTHUSIASM IS PETERING OUT AS THE MEMORY OF THE SHAH'S DEPOSITION
GROWS VAGUE, KHOMEINI IS STILL CAPABLE OF RALLYING HUNDREDS OF
THOUSANDS OF SUPPORTERS. THIS DEMONSTRABLE ABILITY TO MOBILIZE
THE MASSES MAKES FOR THE LEGITIMACY AND PRESENT STABILITY OF THE REG-
IME. SHOULD KHOMEINI MANAGE TO PUSH THROUGH A CONSTITUTION THAT IS
MAKING, THE REGIME WILL THEN DERIVE LEGITIMACY NOT ONLY FROM
THE SUPPORT OF THE MASSES, BUT FOR THE FIRST TIME FROM A LEGAL
CONSTITUTION.

B) INTENSIFICATION OF THE REGIME ALONGSIDE PRAGMATIC
LACK OF COMPROMISE, DETERMINATION AND ALLEGIANCE TO THE
STRUGGLE TYPIFY KHOMEINI'S STYLE BEFORE THE REVOLU-

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TION AS WELL AS AFTER, ALTHOUGH THE RESPONSIBILITY WHICH
WITH POWER SHOULD OSTENSIBLY HAVE MODERATED HIS POSITION.
INDICATED BY DEVELOPMENTS IN AUGUST, THE ADVANTAGE WHICH
LIES IN THAT HE IS UNPETERED. HE TOOK SWIFT STEPS TO
THE SECULAR POLITICAL OPPOSITION AND THE REBELLIOUS ARMS.
LACK OF COMPROMISE COULD HAVE BEEN A HANDICAP WERE IT NOT FOR
STREAKS OF PRAGMATISM DISPLAYED BY HIS CABINET MINISTERS.
PARTICULARLY BAZARGAN AND YAZDI AND SOMETIMES EVEN KHOMEINI
IN HANDLING DOMESTIC POLICY AND MAINLY FOREIGN POLICY. HIS
MATISM COULD DO MUCH TO IMPROVE IRAN'S REVOLUTIONARY IMAGE AND
WIN THE COUNTRY FRIENDS. KHOMEINI ALSO HAS CLOSE AIDS
MEMBERS OF THE REVOLUTIONARY COUNCIL WHO ARE CAPABLE. A WEST
ERN EDUCATION AND THUS ADD TO THE GREAT AUTHORITY ENJOYED BY THE
COUNCIL.

C) LACK OF ORGANIZED OPPOSITION - KHOMEINI'S REGIME,
TO CERTAIN EXTENT, DERIVES BENEFIT FROM THE FACT THAT
HE HAS NOT YET GOT AN ORGANIZED OPPOSITION TO CHALLENGE HIS
MOST OF THE PREVIOUS OPPOSITION IS NOW IN POWER AND THE PREVIOUS
REGIME DID NOT TURN INTO AN OPPOSITION BECAUSE IT WAS CHASED
OF THE COUNTRY. ELEMENTS RECENTLY OPPOSING KHOMEINI, SUCH AS
LEFT AND ARMED GROUPS, ARE NOT UNITED AND HAVE TURNED INTO AN
OPPOSITION NOT BY THEIR OWN CHOICE BUT AS A RESULT OF KHOMEINI'S
SUPPRESSIVE MEASURES RATHER THAN BECAUSE THEY CHOSE TO CHALLENGE
THE REGIME. FIGURES LIKE SHARIATMADEH AND MATINDAFARI MAY NOW
FREE WITH KHOMEINI'S POLICIES BUT THEY ARE NOT CAPABLE OF FORMING
A POPULAR MOVEMENT THAT WOULD BE A REAL COUNTERWEIGHT TO HIS
REGIME. FURTHERMORE, THE FACT THAT THE ARMY, AFTER BEING PURGED,
SUPPORTS THE REGIME AND THE REVOLUTION (ALTHOUGH FAR FROM UNRESERVEDLY)
HELPS KHOMEINI AS DOES THE FACT THAT THE ARMY IS STILL
RELATIVELY WEAK.

D) OIL REVENUES. THE CONTINUED REVENUES FROM OIL
(MORE THAN \$20 BILLION PER YEAR) ARE A BOON TO THE IRANIAN
AND EASILY COMPENSATE FOR THE ECONOMIC DIFFICULTIES WHICH
ARE CAUSED BY THE REVOLUTION. THE KHOMEINI REGIME FUNCTIONS
WITHOUT THE FEELING OF FINANCIAL CONSTRAINTS, AND IT IS IN THE
POWER TO FINANCE ITS VARIOUS EXPENSES WITHOUT NECESSARILY
HAVING TO REHABILITATE THE ECONOMY. THE ECONOMIC PROBLEMS LAGGING
BEHIND THE ECONOMY, THUS CUSHIONED BY THE OIL REVENUES, DO NOT APPEAR

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THEIR FUEL, SERIOUSNESS AND DAILY LIFE RAN
A NORMAL PACE, FIRST AND FOREMOST BECAUSE OF
OIL EXPORTS.

WESTERN AND REGIONAL INTEREST IN IRAN
WHOSE BENEFITS FROM THE WEST'S DEEP INTEREST
AND ITS FEAR THAT IN A TIME OF UNREST THE COUNTRY
LEFTWARDS. INSTABILITY COULD ALSO DISRUPT OIL EXPORTS
IS WHAT THE WESTERN COUNTRIES, PARTICULARLY THE U.S.,
OBVIOUSLY LIKE TO PREVENT. THE INTEREST OF THESE COUNTRIES
STABILIZING THE SITUATION IN IRAN LED THEM TO ACCEPT
REGIME, AND EVEN TO BE INTERESTED IN THAT REGIME'S BECOMING
STRONGER. SINCE THE GULF COUNTRIES, WHO WERE DEEPLY CONCERNED
BY SHAH'S COLLAPSE AND WHO FEAR THE RETURN OF INSTABILITY
INTERESTED IN TONING DOWN IRAN'S REVOLUTIONARY VERVE, IRAN
COMPLETELY PREVENTING ITS EXPORT, THEY ARE ALSO LOOKING
MODUS VIVENDI OF SORTS WITH THE REGIME IN IRAN. THIS MAY
TRUE FOR IRAQ AS WELL. THE REVOLUTIONARY REGIME THEREFORE
FROM THE FACT THAT THERE IS NO REGIONAL OR WESTERN ELEMENT
WOULD WANT TO SEE IT FALL. ON THE CONTRARY, SOME WESTERN COUNTRIES
WANT TO SEE IRAN IN THE HOPE THAT THEY CAN RECONSOLIDATE THEIR
POSITIONS SO AS TO ADVANCE THEIR ECONOMIC AND COMMERCIAL INTERESTS.

AGAINST THIS THERE ARE ACTUAL OR POTENTIAL WEAK POINTS AND
VULNERABILITIES WHICH MAY ENDANGER THE REGIME. PROMINENT AMONG
THESE ARE THE FOLLOWING:

A) BREAKDOWN OF THE REVOLUTIONARY COALITION AND THE
WORKING UP PROCESS - AS SOON AS THE GOAL OF THE OVERTHROW OF THE
SHAH WAS REACHED, THERE BEGAN A PROCESS OF DISINTEGRATION IN THE
BROAD OPPOSITIONAL COALITION WHICH HAD UNITED TO ACHIEVE THE GOAL.
THIS PROCESS OF DISINTEGRATION HAS NOT YET LED TO THE EMERGENCE OF
ANY DEFINED, UNITED AND ORGANIZED OPPOSITION, SUCH A SITUATION WHICH
IS FAVORABLE TO THE REGIME. HOWEVER, THE PROCESS IS REFLECTED IN
THE SEVERITY OF THE STRUGGLE AROUND THE CONSTITUTION, AND
POLARIZATION IN PRINCIPLE WHICH IS BEGINNING TO SHOW UP
BETWEEN THOSE WHO WANT TO RADICAL RELIGIOUS STATE AND THOSE WHO WANT
TO MAINTAIN PLURALISM. THE FACT THAT OPPOSITION TO KHOMEINI'S REGIME
THE INCREASE ACTS AS A CONSTRAINT ON HIM. SANJABI BOYCOTTED
ELECTIONS TO THE COUNCIL OF EXPERTS, THE LEFT IS BEING PERSECUTED

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AND THE LEFTIST ARMED GROUPS... FACT THAT K... IS...
MILITIAS WHICH ANSWER TO KHOMEINI... WITH REGARD TO WHAT
CED IN YEARS ADDS AN ELEMENT OF UNCERTAINTY... HE GOES... ARE
WILL BE LEFT OF THE RELIGIOUS HIERARCHY... THE REVOLUTION...
MANY MANIFESTATIONS OF THE SOBERING UP... PARTIALLY...
VARIOUS SECTORS AND EVEN EXPRESSIONS OF DISOBEDIENCE...
THE URBAN POPULATION AND NUMEROUS... THAT SO MANY PEOPLE
OTHER HAND, PARADOXICALLY ENOUGH IT... EXPRESSION
LEFT THE COUNTRY THOUSANDS EACH WEEK... STRENGTHENS
DISSATISFACTION OR INCOMPATIBILITY, WHICH... OPPOSITION
REGIME IN THAT IT DEPLETED THE RANKS OF THE POTENTIAL

SHORTCOMINGS OF GOVERNMENTAL CONTROL... TO
ADAPT SUPPRESSIVE MEASURES. FROM THE BEGINNING THE REGIME WAS
UNDER DUAL CONTROL, TORN BETWEEN THE CABINET AND THE REVOLUTIONARY
COUNCIL, AND THIS DETRACTED FROM ITS ABILITY TO FUNCTION PROPERLY.
WHILE AT THE SAME TIME THE SIGNS OF GOVERNMENTAL DISORDER WHICH
RESULTED FROM THE REVOLUTION REMAINED. THE WEAK BAZARGAN GOVERNMENT
HAD TO SEEK THE APPROVAL OF THE RELIGIOUS LEADERS FOR EACH ACTIVITY
AND ON MORE THAN ONE OCCASION FOUND IT DIFFICULT TO CARRY OUT
ANY EVENT THERE WAS STILL NO GOVERNMENTAL SYSTEM WHICH COULD
EFFECTIVELY PUT INTO OPERATION THE APPARATUSES OF AUTHORITY. MANY
SECTIONS OF THE ADMINISTRATION DO NOT FUNCTION AT ALL. TO GREAT
EXTENT REVOLUTIONARY COUNCILS OPERATE INDEPENDENTLY AMONG THE
VARIOUS SECTORS OF THE SOCIETY, THE ECONOMY AND EVEN THE ARMY,
AND THEY DO NOT ACCEPT THE AUTHORITY OF THE GOVERNMENT ADMINISTRATION.
RECENTLY KHOMEINI TRIED TO BRIDGE THE GAP BETWEEN THE REVOLUTIONARY
COUNCIL AND THE GOVERNMENT. THE PROBLEM, HOWEVER, REMAINS
ING HIS OWN PEOPLE LEFT ABOUT THE CREATION OF LOCAL POCKETS OF
DISORDER AND CHAOS, AN AWARENESS OF LOSS OF CONTROL WAS AMONG THE MOTIVES
WHICH LED THE KHOMEINI REGIME TO TAKE MEASURES TO SUPPRESS THE
VIOLATIONS OF DISREGARD FOR AND VIOLATION OF THE REVOLUTIONARY
THE VERY NEED TO REVERT TO SUCH STEPS CONSTITUTES AS IT
DEPLETED THE REGIME AND COULD EVEN INCREASE THE OPPOSITION
THE WEAKNESS OF THE

PARANAT MINORITIES WHO EXPLOIT THE WEAKNESS OF THE

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CENTRAL GOVERNMENT. THE SEPARATIST TENDENCIES AND THE
IRAN SUCH AS THE KURDS, ARABS, TURKISH, AND THE
DEMANDS FOR AUTONOMY OF VARYING DEGREE. THE
CENTRAL GOVERNMENT IS WEAK. CONSTITUTIONAL RIGHTS
INTEGRITY OF THE STATE. THIS FERMENT BECAUSE ARABS
REFERS THE REGIME'S CONSTANT ATTENTION. WHERE THE
CHUZESTAN AND THE KURDISH REBELLIONS HAVE BEEN
EFFECTIVITY OF THE REGIME TO SEPARATIST MANIFESTATIONS
THE REGIME HAS SO FAR SUCCEEDED IN SUPPRESSING
SEPARATISM AND IN CONTAINING THEM. IT WILL HAVE TO
OWN FORCES AND RESOURCES IN ORDER TO PREVENT FURTHER
WHAT COULD BE EVEN MORE SERIOUS. THE INCITEMENT
MAY ALSO BE A PREFERRED OPTION IF AND WHEN IRAN
DECIDE TO ACT AGAINST BEN.

D) ECONOMIC WEAKNESS AND VULNERABILITY OF THE OIL
SECTOR. THE EVENTS OF THE REVOLUTION BROUGHT WITH THEM
ECONOMIC DISRUPTIONS. ABOUT THREE MILLION PEOPLE ARE UNEMPLOYED
MAY CONSTITUTE A SOCIO-POLITICAL PROBLEM. VARIOUS PLANS
PARTICULARLY IN INDUSTRY AND CONSTRUCTION SECTOR ARE WORKING
TOWARD FULL CAPACITY. THE ECONOMIC-FINANCIAL SYSTEM IS DEFECTIVE
ALTHOUGH THERE IS EVIDENCE OF A SLOW PROCESS OF RECONSTRUCTION. G
RE SEVERELY DAMAGED AND THE STATE HAD TO IMPORT LARGE QUANTITIES
OF FOOD. THE EXPORT OF OIL IS A SOURCE OF IRAN'S ECONOMIC STRENGTH
AT THIS STAGE. OFFSETS THE UPHEAVALS IN THE ECONOMY. MOST OF THE
OIL IS A POINT OF ACUTE STRATEGIC VULNERABILITY. MOST OF THE
OIL FIELDS ARE LOCATED IN CHUZESTAN WHERE THERE IS SEPARATIST FER-
MENT. A POTENTIAL THREAT FROM NEIGHBORING IRAQ AND EFFECTIVELY
ORGANIZED UNIONS WITH LEFTIST ORIENTATION. IN THE PAST MONTHS THE
PRODUCTION OF OIL HAS BEEN DISRUPTED AND SLOWED DOWN. ANY FUTURE
REDUCTION OF EXPORTATION OF OIL, DUE TO A STOPPAGE OF WORK OR
DAMAGE TO THE INSTALLATIONS, COULD BRING ABOUT A DETERIORATION.
STAGE OF THE INSTALLATIONS OF THE IRANIAN ECONOMY WITHIN A RELATIVELY
SHORT PERIOD OF TIME. THIS MAY BE THE MOST DANGEROUS OF THE POTEN-
TIALS THE REGIME HAS TO COPE WITH.

FORMATION OF AN INTERNAL AND EXTERNAL OPPOSITION.
FORMATION OF AN ALLIANCE WHICH OUSTED THE SHAH MAY BRING
FORMATION OF AN ALLIANCE WHICH MAY YET BECOME AN EFFECTIVE
FORMATION OF AN ALLIANCE WHICH MAY YET BECOME AN EFFECTIVE
FORMATION OF AN ALLIANCE WHICH MAY YET BECOME AN EFFECTIVE

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AND THE ARMED LEFTIST GROUPS AS WELL AS THE ST ORGANIZED
SITION ELEMENTS. AND THEY ARE PROBABLY THE ST ORGANIZED
ACTIVITY. FACTIONS OF THE RELEAS PARTS AND OTHER SEC
TIES MAY FIND THEMSELVES FORMING A COMMON FRONT IF THE AR
INTO SUCH A POSITION BY ACTS OF SUPPRESSION. BEGINNINGS
GRUMBLINGS BY ARMY PERSONNEL, WHETHER IN RESPONSE TO THE TASK
CARRIED OUT BY THE REVOLUTIONARY GUARDS OR AGAINST THE BACK PRO
OF THEIR MISSION TO PUT DOWN THE KURDISH REBELLION. SHOULD SO
WORRY THE REGIME. RECENTLY AN OPPOSITION IN EXISTENCE ALSO RUN
TO CRYSTALLIZE WITH BAKHTIAN AT ITS HEAD. EVEN IF THE FAR TH
ARE NO SIGNS TO THE EFFECT THAT ALL THESE ELEMENTS ARE SUPPOR
JOINING UP INTO A BROAD FRONT, MUCH LESS THAT THEY HAVE CONTIN
OF THE MASSES. IT IS DIFFICULT TO BELIEVE THE KHOMEINI HIS
TO ENJOY. BY DEFAULT, THE LACK OF ANY ORGANIZED OPPOSITION
REGIME. THE ARMY, THOUGH STILL IN DISARRAY, IS POTENTIALLY
STRONGEST ELEMENT IN THE POLITICAL AREA. HERE ALSO THERE
BEEN SIGNS OF CRITICISM AND DISSIDENCE. THERE IS NO DOUBT
LINK-UP BETWEEN ELEMENTS POTENTIALLY IN OPPOSITION TO KHOMEINI
THE ARMY AND THE OTHER OPPOSITION GROUPS COULD ENDANGER THE REGIME
IN ANY EVENT IT IS DIFFICULT TO SEE THE ARMY AS A BODY WHICH WIL
BE UNRESERVEDLY LOYAL TOWARD KHOMEINI AND HIS PART OVER A LONG
PERIOD OF TIME. THE ACTIVITIES OF THE ANTI-RELIGIOUS LIQUIDATION
ORGANIZATION, FORQAN, ARE ALSO WORTH WATCHING.

EXTERNAL THREATS - SOVIET UNION, IRAQ. IT IS POSSIBLE THAT
KHOMEINI WILL DRIFT INTO A COLLISION COURSE IN THE RELATIONS WITH
THE SOVIET UNION AND/OR THE OTHER COUNTRIES IN THE AREA. THE STATE
MENTS OF RELIGIOUS LEADERS IN FAVOR OF THE VARIOUS SHIITE MINORITIES
OUTSIDE IRAN HAVE ALREADY SET A FEW GULF COUNTRIES, INCLUDING IRAQ,
AGAINST HER. HOWEVER, AS YET THERE STILL SEEMS TO BE MUTUAL IRANIAN
INTEREST NOT TO LET THEIR RELATIONS DETERIORATE.
SAME GOES FOR THE SOVIET UNION, WHO HAS UNTIL RECENTLY RESTRAINE
SELF WITH REGARD TO THE SUPPRESSION OF THE JUDAH AND KHOMEINI'S
ISLAMIC MINORITY. IT IS OF COURSE THAT THE SOVIET UNION, HAVING A
DIANT ISLAMIC POLICY. RECENTLY MOSCOW BEGAN REVEALING HER
IS REGARDING THE IRANIAN REGIME, ESPECIALLY WHEN SEE
IRANIAN-U.S. RELATIONS ARE IMPROVING. IT IS POSSIBLE
WHICH PUBLICLY LENT HER SUPPORT TO THE KURDISH
THAT THIS SIGNALLED THAT IT WAS WITHIN HER POWER TO
FELLION.

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DECLINE IN OIL EXPORTS AND CONSEQUENTLY IN STATE REVENUE
DEVELOPMENT COULD SEVERELY UNDERMINE ANY SUPPORT WHICH THE
AT PRESENT ENJOYS FROM THE URBAN SECTOR.

(1) SIMULTANEOUS REBELLION OF THE MINORITIES, ESPECIALLY
IF IT OCCURS IN AFDISTAN AND KHUZESTAN UNDER SUCH CIRCUMSTANCES
THERE COULD ALSO BE AN ECONOMIC DETERIORATION AS DESCRIBED ABOVE.

12. AT PRESENT THE STRENGTHS OF THE KHOMEINI REGIME OUTWEIGH
ITS WEAKNESSES, AND THERE IS NOT IMMEDIATE DANGER THAT THE REGIME
MIGHT RAPIDLY LOSE THE RELATIVE STABILITY WHICH IT HAS ACHIEVED.
HOWEVER, THE CONSOLIDATION OF THE REVOLUTION IS FAR FROM BEING COM-
PLETE. THE CONSOLIDATION OF THE REVOLUTION IS FAR FROM BEING COM-
PLETE AND IN MORE THAN ONE WAY IT IS IN A RACE AGAINST TIME. SOME
THE THREATS TO THE REGIME COULD AFFECT IT IF IT WILL NOT FURTHER
CONSOLIDATE ITS HOLD ON THE GOVERNMENT. SHOULD THESE ABOVE MENTIONED
DEVELOPMENTS COME TO PASS, OR EVEN IF THERE SHOULD BE A DETERIORATION
TOWARDS THEM, CHAOS COULD RETURN, IN THE COURSE OF WHICH THE MAIN
POLITICAL FORCES WILL PROBABLY ENGAGE IN A BATTLE FOR CONTROL.
SUCH A SITUATION, IT CAN BE ASSUMED, WILL ALERT THE BIG POWERS EVEN
IF THEY DO NOT ACTUALLY BECOME INVOLVED. WHILE IT IS IMPOSSIBLE TO
PREDICT HOW SUCH A STRUGGLE, IF AND WHEN IT DEVELOPS, WILL END, THERE
IS NO DOUBT THAT JUST AS IN THE TWILIGHT OF THE SHAH'S REGIME,
THE ARMY WILL BY ACTION OR INACTION PLAY AN IMPORTANT ROLE.

13. MAIN POINTS FOR DISCUSSION

(1) DETAILS ON THE DEBATE IN THE COUNCIL OF EXPERTS
REGARDING THE CONSTITUTION; POSITIONS TAKEN, LEADING FIGURES,
REASONS OF OPINION.

(2) EXTENT OF SUPPORT FOR THE REGIME WITHIN THE ARMED
FORCES AND EXTENT OF DISSATISFACTION WITHIN THE ARMED FORCES.

(3) STRENGTH OF THE OPPOSITION GROUPS; THE LEFT,
THE STRONG WITH THE USSR, THE SOVIET ROLE, THE MUJAHIDIN EL
NIZARI, THE STRENGTH AND POTENTIAL OF OPPOSITION
GROUPS IN EL KHALIJ OF THE STR.

(4) NEW KHUZESTAN, SCORE OF UNREST AMONG LOCAL ARABS.